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U. S. ATOMIC ENERGY COMMISSION
DIVISION OF RAW MATERIALS
GRAND JUNCTION OFFICE

MODIFICATION NO. 1
SUPPLEMENTAL AGREEMENT TO
CONTRACT NO. AT(05-1)-900
AND RELATED AGREEMENTS

In Two Volumes

VOLUME I

With

VANADIUM CORPORATION OF AMERICA
200 Park Avenue
New York, New York 10017

MODIFICATION NO. 1
SUPPLEMENTAL AGREEMENT TO
CONTRACT NO. AT(0501)-900

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SUPPLEMENTAL AGREEMENT TO
CONTRACT NO. AT(05-1)-900

CONTRACTOR:

VANADIUM CORPORATION OF AMERICA
200 Park Avenue
New York, New York 10017

PAYMENT TO BE MADE BY:

Regional Disbursing Officer
United States Treasury Department
Denver, Colorado

Submit Invoices to:

U. S. Atomic Energy Commission
Grand Junction Office
Grand Junction, Colorado

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MODIFICATION NO. 1
SUPPLEMENTAL AGREEMENT TO
CONTRACT NO. AT(05-1)-900

THIS MODIFICATION OF CONTRACT, entered into this 26th day of November 1965, and except as otherwise herein provided, effective as of the first day of January 1963, by and between the UNITED STATES OF AMERICA (hereinafter called the "Government"), represented by the UNITED STATES ATOMIC ENERGY COMMISSION (hereinafter called the "Commission"), and VANADIUM CORPORATION OF AMERICA (hereinafter called the "Contractor"), a corporation organized and existing under the laws of the State of Delaware, having an office at 200 Park Avenue, New York, New York, 10017;

WITNESSETH THAT:

WHEREAS, the Commission and the Contractor entered into Contract No. AT(05-1)-900 dated May 22, 1961, for the operation by the Contractor of its uranium ore processing plant in the vicinity of Durango, Colorado, and the sale of certain uranium concentrate produced therein to the Commission; and

WHEREAS, the Commission and Kerr-McGee Oil Industries, Inc., entered into Contract No. AT(05-1)-785, dated November 24, 1959, and modified as of August 16, 1961, for the operation by Kerr-McGee Oil Industries, Inc., of its uranium ore processing plant in the vicinity of Shiprock, New Mexico (which uranium ore processing plant and auxiliary facilities, including the up flow batch leach plant of the Contractor located in Apache County, Arizona, together with the Contractor's uranium ore processing plant in the vicinity of Durango, Colorado, and its chemical concentrator in the vicinity of Naturita, Colorado, are hereinafter called the "plant"), and the sale of certain uranium concentrate produced therein to the Commission; and

WHEREAS, the Contractor acquired the plant and the rights in the uranium mining properties formerly owned by Kerr-McGee Oil Industries, Inc., and Contract No. AT(05-1)-785, as modified, was, with the consent of the Commission, assigned by Kerr-McGee Oil Industries, Inc., to the Contractor, effective March 1, 1963; and

WHEREAS, the Commission and the Contractor now desire to merge said Contract No. AT(05-1)-785, as amended, into said Contract No. AT(05-1)-900, and to modify said Contract No. AT(05-1)-900 to extend the term thereof and for other purposes; and

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WHEREAS, this modification of contract is authorized by and executed under the Atomic Energy Act of 1954, as amended, in the interest of the common defense and security;

NOW, THEREFORE, the parties hereto do mutually agree as follows:

A. Said Contract No. AT(05-1)-785, as amended, is hereby merged into Contract No. AT(05-1)-900, effective March 1, 1963, except with respect to final payments made to Kerr-McGee Oil Industries, Inc. after that date for uranium concentrates produced and delivered under Contract No. AT(05-1)-785 by Kerr-McGee Oil Industries, Inc., prior to March 1, 1963.

B. Articles I through XXII and Appendices "A", "B", and "C" of said Contract No. AT(05-1)-785, as amended, and Articles I through XXIV and Appendices "A", "B", and "C" of said Contract No. AT(05-1)-900 are hereby deleted, and the following Articles I through XXIV and Appendices "A", "B", "C", "D", and "E" are hereby inserted in Contract No. AT(05-1)-900 in lieu thereof:

ARTICLE I - SCOPE AND TERM OF CONTRACT

1. a. The Contractor agrees to operate the plant, or portions thereof, for the production of uranium concentrate meeting the specifications set forth in Article XXII hereof at rates consistent with the maximum quantities of such concentrate which the Commission is obligated to purchase in each fiscal year or other period set forth in subparagraphs 1.b. and 1.c. of this Article I, subject, however, to the availability of ore, to the provisions of paragraph 2 of this Article I, and to the provisions of Article XVIII hereof, and except as hereinafter provided in this paragraph 1, the Contractor shall deliver for sale to the Commission the uranium concentrate produced in the plant during the term of this contract; provided, that the Contractor may at its option produce in the plant, in any fiscal year or other period set forth in subparagraphs 1.b. and 1.c. of this Article I, uranium concentrate in excess of the maximum amount thereof which the Commission is obligated to purchase hereunder during such fiscal year or other period, and may sell such excess concentrate as hereinafter provided to any purchaser not acquiring such concentrate for resale to the Commission, and which purchaser is properly

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licensed to receive source material. At any time during any fiscal year or other period set forth in subparagraphs l.b. and l.c. of this Article I, when the Contractor has delivered to the Commission hereunder acceptable uranium concentrate containing a number of pounds of U_3O_8 equal to at least the sum of

(i) ninety-seven percent (97%) of the number of pounds of U_3O_8 contained in all uranium-bearing ores theretofore purchased or acquired by the Contractor during such fiscal year or other period pursuant to Article VI hereof, plus

(ii) the number of pounds of U_3O_8 which bears the same ratio to the maximum number of pounds of U_3O_8 in concentrate derived from the mining property described in Part 1 of Appendix "A" hereof which the Commission is obligated to purchase during such fiscal year or other period as the number of days having elapsed during such fiscal year or other period bears to the total number of days in such fiscal year or other period,

the Contractor may sell to purchasers other than the Commission, as provided above, any uranium concentrate theretofore produced in the plant in excess of the sum of (i) and (ii) above; provided, that the Contractor may sell to purchasers other than the Commission such quantities of uranium concentrate as may be authorized in writing by the Contracting Officer, even though the Contractor may not have delivered to the Commission a quantity of U_3O_8 equal to that set forth in subparagraphs (i) and (ii) above.

As of July 1, 1965, and as of each subsequent July 1 during the term of this contract, the Commission shall determine, in accordance with written procedures to be agreed upon between the parties hereto prior to the execution of this Modification No. 1, the sum of the number

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of pounds of U_3O_8 contained in (i) all uranium concentrate delivered to the Commission in excess of the number of pounds of U_3O_8 in concentrate which the Commission was obligated to purchase in the immediately preceding fiscal year, (ii) all uranium concentrate which has been produced in the plant and which remains undelivered to the Commission, including uranium concentrate in transit to the Commission, and (iii) the in-process inventory of U_3O_8 in the plant. As of each such July 1 during the period of this contract to and including July 1, 1968, the Contractor shall physically set aside, for disposition other than to the Commission, uranium concentrate containing the number of pounds of U_3O_8 by which the total number of pounds of U_3O_8 determined by (i), (ii), and (iii) above of this subparagraph exceeds the total number of pounds of U_3O_8 in concentrate delivered to the Commission for purchase under this contract in the fiscal year immediately preceding each such July 1, and the Commission shall have no obligation to purchase under this contract any of the uranium concentrate so set aside. The Contractor shall, on July 1, 1969 and July 1, 1970, physically set aside, for disposition other than to the Commission, uranium concentrate containing the number of pounds of U_3O_8 by which the total number of pounds of U_3O_8 determined by (i), (ii), and (iii) above of this subparagraph exceeds twenty-five percent (25%) of the number of pounds of U_3O_8 in concentrate delivered to the Commission for purchase under this contract in the fiscal year immediately preceding each such July 1, and the Commission shall have no obligation to purchase under this contract any of the uranium concentrate so set aside; provided, that upon the mutual written agreement of the parties hereto, all or any portion of the uranium concentrate so set aside may be sold by the Contractor and purchased by the Commission pursuant to and within the limitations of this contract; and further provided, that the Contractor may deliver to the Commission not later than close of work, February 5, 1971, and the Commission

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shall purchase pursuant to and within the limitations of this contract, uranium concentrate so set aside containing up to the number of pounds of U_3O_8 which the Contractor was unable to deliver to the Commission prior to January 1, 1971, by reason of force majeure, as defined in paragraph 3 of Article XVIII of this contract, which force majeure existed in the period of this contract subsequent to December 31, 1968. None of the U_3O_8 in concentrate so set aside shall be included in any subsequent determination made pursuant to this subparagraph.

b. The Commission agrees to purchase hereunder from the Contractor, during the period commencing January 1, 1963, and ending December 31, 1968, uranium concentrate meeting the specifications set forth in Article XXII hereof produced in the plant from ores mined from properties described in Appendix "A" hereof and delivered for sale to the Commission in accordance with the provisions of this contract, provided, that except as provided for in Article XVIII hereof, the Commission's obligation to purchase uranium concentrate hereunder for such period shall be limited to:

(i) the purchase in the period of this contract commencing January 1, 1963 and ending June 30, 1963, of uranium concentrate containing not more than two hundred eighty-five thousand one hundred fifty-seven and twenty-three hundredths (285,157.23) pounds of U_3O_8 ;

(ii) the purchase, in the fiscal year ending June 30, 1964, of uranium concentrate containing not more than four hundred sixty-two thousand five hundred forty-eight and seventy-eight hundredths (462,548.78) pounds of U_3O_8 ;

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(iii) the purchase, in any fiscal year during the period of this contract, commencing July 1, 1964 and ending December 31, 1966, and pro rata for the period July 1, 1966 through December 31, 1966, of uranium concentrate containing not more than four hundred thirty-three thousand three hundred eighty-four and forty-eight hundredths (433,384.48) pounds of U_3O_8 ;

(iv) the purchase, in any fiscal year during the period of this contract commencing January 1, 1967 and ending December 31, 1968, and pro rata for the portions of a fiscal year at the beginning and ending of such period, of uranium concentrate containing not more than four hundred thirty-three thousand three hundred eighty-four and forty-eight hundredths (433,384.48) pounds of U_3O_8 ; and

in addition to (i), (ii), (iii), and (iv) above, the purchase of uranium concentrate containing

(v) ninety-seven percent (97%) of the number of pounds of U_3O_8 contained in ores purchased or acquired by the Contractor in each such fiscal year or portion thereof pursuant to the provisions of paragraphs 1 and 2 of Article VI of this contract; plus

(vi) ninety-seven percent (97%) of the number of pounds of U_3O_8 contained in ores purchased or acquired by the Contractor in each such fiscal year or portion thereof pursuant to the written agreements provided for in paragraph 3 of Article VI of this contract;

and further provided, that the Commission's obligation to purchase uranium concentrate under this subparagraph 1.b. is subject to reduction pursuant to the other provisions of this article and to the provisions of Appendix "A" hereof.

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c. The Commission further agrees to purchase hereunder from the Contractor, during the period commencing January 1, 1969 and ending December 31, 1970, uranium concentrate meeting the specifications set forth in Article XXII hereof produced in the plant and delivered for sale to the Commission in accordance with the provisions of this contract, provided, that except as provided for in Article XVIII hereof, the Commission's obligation to purchase uranium concentrate hereunder for such period shall not exceed:

Formula
Appendix "D"

(i) the purchase of uranium concentrate containing the lesser of (a) eight hundred sixty-six thousand seven hundred sixty-eight and ninety-six hundredths (866,768.96) pounds of U_3O_8 , or (b) the number of pounds of U_3O_8 in concentrate derived from the mining property described in Part 1 of Appendix "A" hereof (determined as provided in said Part 1) and delivered to the Commission prior to January 1, 1969, for calendar years 1967 and 1968, and accepted by the Commission pursuant to the provisions of this contract, provided, that the Commission shall not be obligated to purchase such uranium concentrate during such period at a rate in excess of one-half of such number of pounds of U_3O_8 per fiscal year (pro rata for portions of a fiscal year at the beginning and ending of such period); and

in addition to (i) above, the purchase of uranium concentrate containing

(ii) ninety-seven percent (97%) of the number of pounds of U_3O_8 contained in ores purchased or acquired by the Contractor in each such fiscal year or portion thereof pursuant to the provisions of paragraph 4 of Article VI of this contract; plus

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(iii) ninety-seven percent (97%) of the number of pounds of U_3O_8 contained in ores purchased or acquired by the Contractor in each such fiscal year or portion thereof pursuant to the written agreements provided for in paragraph 5 of Article VI of this contract;

and further provided, that the Commission's obligation to purchase uranium concentrate under this subparagraph 1.c. is subject to reduction pursuant to the other provisions of this article and to the provisions of Appendix "A" hereof.

d. Should uranium-bearing ores mined from any property while such property is described in Appendix "A" hereof be sold or delivered to or be processed by anyone other than the Contractor during the period of this contract prior to January 1, 1967, for sale to the Commission of the uranium concentrate produced therefrom, without the prior written approval of the Contracting Officer to the Contractor, the Commission's obligation under subparagraph 1.b. of this article to purchase uranium concentrate derived from ores mined from that property shall be reduced by an amount of uranium concentrate containing ninety-seven percent (97%) of the number of pounds of U_3O_8 contained in such ores sold, delivered, or processed elsewhere, for the fiscal year in which such sale, delivery, or processing occurs; provided, that if (i) such property shall have been added to Appendix "A" hereof pursuant to paragraph 1 of Article VI of this contract, and (ii) the Contracting Officer shall have waived the requirements of subparagraphs (i) and (ii) of subparagraph 1.f. of this Article I as to such property, no such reduction shall be made and the Commission may delete such property from Appendix "A" hereof by written notice to the Contractor.

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e. During the period of this contract prior to January 1, 1969, uranium ores processed in the plant for the production of uranium concentrate for sale to the Commission hereunder shall be obtained only from properties described in Appendix "A" hereof in quantities not in excess of those provided for in this contract. During the period of this contract subsequent to December 31, 1968, uranium ores processed in the plant for the production of uranium concentrate for sale to the Commission hereunder shall be obtained only from properties described and ore producers listed in Appendix "A" hereof in quantities not in excess of those provided for in this contract. During the term of this contract, uranium ores other than those from properties described or ore producers listed in Appendix "A", or additional uranium ores derived from properties described or ore producers listed in Appendix "A", may be processed in the plant when required for sales of U_3O_8 in concentrate to purchasers other than the Commission, as provided in subparagraph 1.a. of this article, provided, that the Commission shall not be obligated to purchase U_3O_8 in concentrate derived from such other or additional ores. Subject to the paramount right of the Commission to require the Contractor to purchase or acquire uranium ores from independent producers and/or the Commission, as provided in Article VI of this contract, the Contractor may process ores or material other than uranium ores or uranium material in the plant for the production of products other than uranium products; provided, that any uranium concentrate derived from any such processing shall be deemed to have been derived from the property described in Part 1 of Appendix "A" of this contract.

Except upon the prior written approval of the Contracting Officer, the Contractor shall not, prior to January 1, 1971, dispose of any uranium-bearing ores derived from

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properties described or ore producers listed in Appendix "A" hereof, for sale to the Commission of the uranium concentrate produced therefrom, other than by processing such ores in the plant in accordance with the terms of this contract.

f. Any other provisions of this contract to the contrary notwithstanding, no uranium ores acquired from any third party during the period of this contract prior to January 1, 1967, shall be processed in the plant during the term of this contract for sale to the Commission of the uranium concentrate produced therefrom, nor shall the Commission be required to purchase U_3O_8 in concentrate pursuant to subparagraph 1.b.(v) or 1.b.(vi) of this Article I as a result of the acquisition of such ores from any third parties by the Contractor, unless

(i) the party from whom such uranium ores were acquired shall have unconditionally agreed in writing with the Contractor (for the benefit of the Commission) that in consideration for the Contractor's acquisition of such uranium ores for processing under this contract with the Commission, uranium ores derived from the property (including all lands under such third party's control as set forth in Appendix "A" hereof) from which the acquired uranium ores were derived, shall be disposed of for the production of uranium concentrate therefrom for sale to the Commission:

(a) during the term of such written agreement only by transfer to the Contractor for processing in the plant in accordance with the terms of this contract, and

(b) prior to January 1, 1967, only by transfer to a uranium ore processing plant or plants, being operated under contract with the Commission, for processing pursuant to said contract in amounts not in excess of those determined for such property by the Commission, and

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(ii) the written agreement referred to in (i) above shall have been submitted to and approved by the Contracting Officer as meeting the requirements of this subparagraph f.,

or, in lieu of both (i) and (ii) above,

(iii) the prior written approval of the Contracting Officer shall have been obtained.

provided, however, that in the event that any such third party shall refuse for any reason to make the agreements in writing set forth in subparagraph (i) of this subparagraph f. with respect to any ores to be purchased or otherwise acquired by the Contractor pursuant to the provisions of Article VI hereof, or in the event that the Contracting Officer shall fail to approve any such written agreements pursuant to subparagraph (ii) of this subparagraph f. or give prior written approval under subparagraph (iii) of this subparagraph f., then the Commission shall either waive in writing the aforesaid requirements of subparagraphs (i) and (ii), or (iii) of this subparagraph f., or shall rescind its notification to the Contractor pursuant to the provisions of Article VI hereof, so that the Contractor shall not be required to purchase such ores. The Commission shall notify the Contractor in writing of any such waiver or rescission.

g. Except upon the prior written approval of the Contracting Officer, no uranium ores acquired from any third party during the period of this contract subsequent to December 31, 1966, shall be processed in the plant for sale to the Commission of the uranium concentrate produced therefrom pursuant to subparagraph 1.b.(v), 1.b.(vi), 1.c.(ii), or 1.c.(iii) of this Article I, nor shall the Commission be required to purchase U_3O_8 in concentrate pursuant to subparagraph 1.b.(v), 1.b.(vi), 1.c.(ii), or 1.c.(iii) of this Article I as a result of the acquisition of such ores from any third parties by the Contractor, unless

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(i) a written agreement providing for the acquisition of such uranium ores, and describing the mining property from which such ores are to be derived, shall have been submitted to the Contracting Officer, and

(ii) the Contracting Officer shall have approved in writing the Contractor's acquisition of such ores.

h. The uranium concentrate to be purchased by the Commission pursuant to subparagraph l.c.(i) of this article may be derived from ores produced from any mining property situated in the United States of America (other than a mining property from which uranium ores are being purchased by a contractor under contract with the Commission pursuant to paragraph 13 of the Commission's Notice of Domestic Uranium Procurement Program from January 1, 1967 through December 31, 1970, published in the Federal Register dated November 20, 1962 (27 F.R. 11435)), provided, that without the written authorization of the Contracting Officer, except as provided in paragraph d. of Part 1 of Appendix "A" hereof, the Commission shall have no obligation to purchase pursuant to said subparagraph l.c.(i) any uranium concentrate derived from ores produced from any mining property other than the mining property described in Part 1 of Appendix "A" hereof, as to which, in the sole determination of the Commission, deliveries of U_3O_8 in concentrate to the Commission were deferred under any contract, including this contract, pursuant to the Commission's said Notice published in the Federal Register dated November 20, 1962 (27 F.R. 11435).

i. In the event that the Contractor processes any ores in the plant in violation of any of the provisions of this contract which set forth conditions under which ores may or may not be processed, and regardless of whether the Commission may have accepted and paid for the concentrate derived from such ores, the Commission may, at its option, reduce its obligation to purchase the quantity of uranium concentrate specified in either subparagraph l.b. or subparagraph l.c. of this article, as appropriate, by an amount of uranium concentrate containing the same number of pounds of U_3O_8 as that contained in the uranium concentrate derived from such ores.

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2. a. At any time subsequent to nine (9) complete calendar months after the date of execution of this Modification No. 1, the Contractor may deliver to the Contracting Officer a written opinion of the Contractor's independent certified public accountants or independent licensed public accountants, certified or licensed by a regulatory authority of a state or other political subdivision of the United States, to the effect that, during any six (6) consecutive calendar months within the period of nine (9) calendar months immediately preceding the delivery of such written opinion to the Contracting Officer, the operation of the plant (including the cost of acquisition of ores from third parties) and the mining property described in Part 1 of Appendix "A" hereof resulted in a net loss before a provision for Federal and State income taxes; or, if such written opinion is delivered to the Contracting Officer subsequent to December 31, 1968, that such operation resulted or would have resulted in a net loss before a provision for Federal and State income taxes if the unit prices per pound of contained U_3O_8 in uranium concentrate produced during such six-month period had been those prices specified in Article V of this contract for deliveries of such uranium concentrate to the Commission subsequent to December 31, 1968. Within ninety (90) days after receipt of such written opinion by the Contracting Officer the Contractor shall cease operation of the plant for the production of any finished product having sales value for its uranium content, and during any period of such cessation of plant operation, the Contractor shall not be required by the Commission under Article VI of this contract to purchase or acquire uranium-bearing ores from third parties or the Commission.

b. During any period in which the Contractor has ceased operation of the plant pursuant to subparagraph a. of this paragraph 2, the Contractor shall not operate the plant for the production of any finished product having sales value for its uranium content, nor shall the Contractor sell or otherwise dispose of any part of the plant during any such period if such sale or disposal would impair the economics, existing at the time of such cessation, of operation of the plant for the production of uranium and vanadium concentrates.

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c. At any time during any period in which the Contractor has ceased operation of the plant pursuant to subparagraph a. of this paragraph 2, the Contractor may give written notice to the Contracting Officer of the Contractor's intention to resume operation of the plant as of the date specified in such notice, which shall be not less than six (6) months after the date of receipt of such notice by the Contracting Officer. The Contractor shall resume operation of the plant hereunder on, or within fifteen (15) calendar days after, the date specified in such notice. In the event of such resumption of plant operation, the Commission's maximum obligation to purchase U_3O_8 in concentrate pursuant to subparagraph 1.b.(iii), 1.b.(iv), or 1.c.(i) of this Article I during the portion of any period set forth in any such subparagraph remaining as of any such resumption of plant operation, shall be limited to the number of pounds of U_3O_8 determined by (i) subtracting from the number of pounds of U_3O_8 in concentrate set forth for such period in subparagraph 1.b.(iii), 1.b.(iv), or 1.c.(i), as the case may be, the number of pounds of U_3O_8 in concentrate theretofore purchased in such period pursuant to this contract, (ii) dividing the result thus obtained by the number of days remaining in such period after the date of such cessation of plant operation, and (iii) multiplying the result thus obtained by the number of days remaining in such period as of the date of such resumption of plant operation; provided, that the Commission and the Contractor may mutually agree in writing to the sale by the Contractor and the purchase by the Commission hereunder of all or any portion of the maximum number of pounds of U_3O_8 in concentrate which the Commission would have been obligated to purchase hereunder in the absence of cessation of plant operation pursuant to this paragraph 2.

3. The term of this contract shall be from midnight, MST, March 31, 1961, to and including December 31, 1970, except for final deliveries provided for in paragraph 1 of Article III hereof.

ARTICLE II - WEIGHING, SAMPLING, AND ASSAYING

1. Subject to the provisions of Article XVII hereof, all uranium concentrate delivered under this contract shall be weighed, sampled, and the moisture content and particle size thereof determined by the Commission at Grand Junction, Colorado, in accordance with Commission practice. The weight, sample, moisture

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content, and particle size of each lot delivered hereunder, when arrived at in accordance with the provisions of this article, shall be final and binding upon the parties hereto.

2. One sample shall be taken from each lot of uranium concentrate delivered under this contract and divided into four or more parts; provided, that as determined by the Commission, a second sample may be taken (on an "as received" basis) and divided into four or more parts. The Contractor shall receive one part of each sample taken and the remaining parts shall be retained by the Commission.

3. a. The Commission and the Contractor, each at its own expense, shall make or cause to be made, independent assays of U_3O_8 content of samples of each lot of uranium concentrate. The results of the U_3O_8 assays, expressed to one-hundredth of one percent (0.01%) shall be exchanged by crossing either registered or certified mail promptly after completion of assays.

b. If the difference in the determination of the U_3O_8 content between the assay of the Commission and the assay of the Contractor does not exceed twenty-hundredths of one percent (0.20%), the average of the two results, expressed to the nearest one-thousandth of one percent (0.001%) shall be final and binding on both parties, subject to the provisions of subparagraph d. of this paragraph 3.

c. If such difference exceeds twenty-hundredths of one percent (0.20%), one of the parts of the sample retained by the Commission shall be submitted to a mutually acceptable laboratory for umpire assay of the U_3O_8 content thereof and the result of such assay, expressed to one-hundredth of one percent (0.01%), shall be final if within the limits of the assays of the two parties; if not, the assay which is nearer to that of the umpire shall prevail. The cost of the umpire assay shall be borne by the party whose original determination of the

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U_3O_8 content is further from the determination of the umpire. In the event the umpire's assay is equally distant from the assay of each party, such cost will be split equally.

d. If such difference is twenty-hundredths of one percent (0.20%), or less, either party may, within five (5) Commission working days after receipt of the U_3O_8 assay, request in writing to the other party hereto that one of the parts of the sample retained by the Commission shall be submitted to a mutually acceptable laboratory for umpire assay of the U_3O_8 content, and the results of such assay shall be final if within the limits of the assays of the two parties; if not, the assay which is nearer to that of the umpire shall prevail. The cost of such umpire assay shall be borne by the party requesting the umpire.

e. If either party should fail to exchange its results of the U_3O_8 assay by crossing mail, one of the parts of the sample retained by the Commission shall be submitted to a mutually acceptable laboratory for umpire assay of the U_3O_8 content thereof, and the average of the results reported by the umpire and by the party not failing to exchange its results, expressed to the nearest one-thousandth of one percent (0.001%), shall be final and binding on both parties. In this event, the cost of such umpire assay shall be borne by the party failing to exchange its results by crossing mail.

4. In addition to making assays for U_3O_8 , both the Commission and the Contractor may make, or cause to be made, assays for any or all of the impurities listed in b. to o., inclusive, of paragraph 3 of Article XXII hereof, which may be contained in concentrate delivered hereunder; and if a second sample is taken pursuant to paragraph 2 of this article, each party hereto may make or cause to be made, assays for impurities listed in p. and s. of paragraph 3 of Article XXII hereof. Assays made for impurities shall be mailed by the parties simultaneously with and

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accompany their assays for U_3O_8 . If both parties fail to so mail an assay for any such impurity, such impurity shall be deemed to be within the maximum specified for such impurity in paragraph 3 of Article XXII hereof. With respect to any such impurity for which an assay is so mailed by only one of the parties hereto, the assay of the party so mailing such assay shall govern. In the event of a difference in the assays of impurities for which both parties hereto have so mailed assays, the Commission's assay shall govern unless the Contractor or the Commission shall, within five (5) Commission working days of receipt of the assay, mail a written request to the other party hereto for umpire assay of any such impurity in dispute. In the event that umpire assay is requested, one of the parts of the appropriate sample retained by the Commission shall be transmitted to a mutually acceptable laboratory for umpire assay and the results thereof shall be final if within the limits of the assays of the two parties; if not, the assay which is nearer to that of the umpire shall prevail. The cost of the umpire assay for each such impurity in dispute shall be borne by the party whose original determination of such impurity is further from the determination of the umpire. In the event that the umpire's assay is equally distant from the assay of each party, such cost will be split equally.

5. All costs incurred by the Commission in connection with weighing and sampling of uranium concentrate delivered to the Commission shall be borne by the Commission; provided, however, that if the Contractor elects to have its representative present at such weighing and sampling, the cost incurred by the Contractor in having such representative present shall be borne by the Contractor exclusively.

ARTICLE III - DELIVERY AND ACCEPTANCE

1. Subject to the provisions of Article XVII hereof, deliveries of uranium concentrate hereunder shall be made f.o.b. railroad cars or trucks at the Commission's receiving station at Grand Junction, Colorado. Such deliveries may be made at any time within normal Commission working days and hours on and after

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the effective date hereof, and may continue thereafter until the expiration of this contract, in accordance with the terms hereof, provided, that final deliveries of uranium concentrate produced in the plant prior to midnight, December 31, 1970, shall be made to the Commission not later than close of work, February 5, 1971.

2. The Contractor shall endeavor to make deliveries of uranium concentrate hereunder, throughout each fiscal year during the term of this contract (and portions of a fiscal year in the beginning and ending of such term), at a rate as uniform as practicable and commensurate with the Commission's obligation to purchase such uranium concentrate hereunder in each such fiscal year or portion thereof.

3. The Commission shall accept from the Contractor all uranium concentrate delivered pursuant to this contract which meets the specifications set forth in Article XXII hereof. The Commission reserves the right, in its discretion, to waive deviations from the specifications established in Article XXII hereof, and by notice in writing to the Contractor to accept or reject any uranium concentrate delivered hereunder which, in accordance with Article II hereof, it is determined does not meet such specifications. As a condition to its acceptance of concentrate which does not meet specifications, payment for such concentrate will be reduced in accordance with the provisions of Appendix "B" hereof.

4. In the event of rejection of concentrate which does not meet specifications, the Contractor shall, within ten (10) calendar days after receiving notice thereof from the Commission, remove the rejected concentrate at its own expense, and shall re-treat it and redeliver it to the Commission subject to the provisions of this contract. Any moneys paid to the Contractor for concentrate which is thus rejected shall be refunded to the Commission by the Contractor or applied by the Commission in reduction of amounts otherwise due the Contractor, as the Commission may direct. The Contractor

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shall not be liable for loss of or damage to uranium concentrate delivered hereunder as provided in paragraph 1 of this article, except that the Contractor shall become liable for loss or damage to such concentrate occurring after removal by the Contractor of rejected concentrate or after ten (10) calendar days from the date of receipt by the Contractor of notice of final rejection by the Commission of the concentrate in accordance with paragraph 3 of this article, whichever date first occurs.

ARTICLE IV - PACKAGING

Subject to the provisions of Article XVII hereof:

(a) Uranium concentrate delivered under this contract shall be packaged by the Contractor as provided in Appendix "C" hereof; and

(b) Containers in which the concentrate is delivered hereunder shall be supplied by the Contractor and shall become the property of the Commission upon delivery to and acceptance of the concentrate by the Commission.

ARTICLE V - PAYMENTS

1. For all uranium concentrate which is purchased by the Commission pursuant to the provisions of subparagraph 1.b. of Article I of this contract, the Commission shall pay to the Contractor (subject to the provisions of paragraph 5 of this article, paragraph 3 of Article III hereof, and Appendix "B" hereof) the sum of Eight Dollars (\$8.00) per pound of contained U_3O_8 ; provided, that should the Commission publish a price in the Federal Register effective during the period of this contract prior to January 1, 1969, for the purchase of uranium concentrate meeting the specifications set forth in Article XXII hereof, which price is higher than Eight Dollars (\$8.00) per pound of contained U_3O_8 , the Commission will pay for uranium concentrate delivered hereunder and meeting such specifications the higher price so published and in effect at the time of delivery hereunder in lieu of the price of Eight Dollars (\$8.00) per pound of contained U_3O_8 provided for in this paragraph.

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2. For all uranium concentrate which is purchased by the Commission pursuant to the provisions of subparagraph 1.c.(i) of Article I of this contract, the Commission shall pay to the Contractor (subject to the provisions of paragraph 5 of this article, paragraph 3 of Article III hereof, and Appendix "B" hereof) a unit price per pound of contained U_3O_8 in accordance with a formula computation as set forth in Appendix "D" hereof.

3. For all uranium concentrate which is purchased by the Commission pursuant to the provisions of subparagraph 1.c.(ii) of Article I of this contract, the Commission shall pay to the Contractor (subject to the provisions of paragraph 5 of this article, paragraph 3 of Article III hereof, and Appendix "B" hereof) the sum of Six Dollars and seventy cents (\$6.70) per pound of contained U_3O_8 .

4. For all uranium concentrate which is purchased by the Commission pursuant to the provisions of subparagraph 1.c.(iii) of Article I of this contract, the Commission shall pay to the Contractor (subject to the provisions of paragraph 5 of this article, paragraph 3 of Article III hereof, and Appendix "B" hereof) such unit prices per pound of contained U_3O_8 as may be established in accordance with formula computations to be set forth or adopted in the written agreements provided for in paragraph 5 of Article VI of this contract.

5. An interim payment equivalent to ninety-five percent (95%) of the total price per pound, as computed in accordance with paragraph 1, 2, 3, or 4 of this article, as the case may be, shall be made promptly by the Commission to the Contractor upon delivery of each lot of concentrate which is received by the Commission in accordance with the provisions of this contract, and upon receipt of the Contractor's properly certified invoice. This payment shall be based upon the Contractor's own statement of the weight of the contained U_3O_8 in uranium concentrate delivered as derived from the Contractor's own preliminary assay. The balance due the Contractor for each lot of uranium concentrate delivered to and accepted by the Commission shall thereafter be determined by the

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Commission upon receipt of the Contractor's properly certified invoices, together with such substantiating evidence as the Commission may reasonably require, after completion of the weighing, sampling, and analysis of the uranium concentrate as provided for in Article II of this contract. Subject to the provisions of paragraph B of Part IV of Appendix "D" hereof, final payment of the amount thus determined to be due to the Contractor for each lot of uranium concentrate shall thereupon be made promptly by the Commission; provided, that if as a result of such weighing, sampling, and analysis, it is determined that the interim payment made to the Contractor by the Commission exceeds the total amount due, the amount of such overpayment shall be refunded by the Contractor to the Commission or applied in the reduction of amounts otherwise due the Contractor, as the Commission may direct.

ARTICLE VI - PURCHASE OR ACQUISITION OF ORES

1. During the period of this contract prior to January 1, 1969, the Commission shall have the right and option, but no obligation, to require the Contractor to purchase or otherwise acquire from third parties and/or the Commission, for processing in the plant for sale to the Commission of the uranium concentrate produced therefrom, in addition to uranium-bearing ores purchased or acquired by the Contractor in accordance with the other provisions of this contract, uranium-bearing ores which are economically and metallurgically amenable to the plant process in use at the time of such purchase or acquisition, provided, that during said period the Contractor shall not be required under the provisions of this paragraph to purchase or acquire during any fiscal year, and pro rata during fractions of a fiscal year at the beginning and ending of such period, more than fifty thousand (50,000) tons of such ores, and further provided, that subject to the availability of mill capacity, the Contractor shall not be required to purchase or acquire more than five thousand (5,000) tons of such ore in any calendar month without prior Contractor approval. The Commission's written notification to the Contractor of its exercise of the option under this paragraph shall, without further agreement of

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the parties to this contract, have the effect of adding the property from which the uranium-bearing ores are to be derived, and the quantity of such ores set forth in any such notification, for the period of time therein set forth, to:

(a) Part 2 of Appendix "A" hereof for a period not to extend beyond December 31, 1966, if the maximum quantity of ore set forth in such notification exceeds twenty thousand (20,000) pounds of contained U_3O_8 per fiscal year (prorated for portions of a fiscal year), or

(b) Part 3 of Appendix "A" hereof (except as otherwise provided in (c) below) if the maximum quantity of ore set forth in such notification is equal to or less than twenty thousand (20,000) pounds of contained U_3O_8 per fiscal year (prorated for portions of a fiscal year), or

(c) Part 4 of Appendix "A" hereof if the maximum quantity of ore set forth in such notification is equal to twenty thousand (20,000) pounds of contained U_3O_8 per fiscal year (prorated for portions of a fiscal year) and such notification specifies that the property is added to said Part 4.

2. During the period of this contract prior to January 1, 1969, the Contractor may, subject to the prior written approval of the Contracting Officer, as hereinafter provided, purchase or otherwise acquire for processing in the plant for sale to the Commission of the uranium concentrate produced therefrom, uranium-bearing ores which are mined from properties under the control of third parties, or from mining properties under the control of the Contractor, in addition to ores mined from the properties which are added to Appendix "A" hereof pursuant to paragraph 1 of this article and from the properties described in Part 1 of Appendix "A" hereof. The Contracting Officer's written approval of such purchase or acquisition, or of an ore

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purchase agreement as to any such property shall, without further agreement of the parties to this contract, have the effect of adding the property from which the uranium-bearing ores are to be derived, and the quantity of such ores set forth in such written approval, for the period of time therein set forth, to:

(a) Part 2 of Appendix "A" hereof for a period not to extend beyond December 31, 1966, if the maximum quantity of ore set forth in such written approval exceeds twenty thousand (20,000) pounds of contained U_3O_8 per fiscal year (prorated for portions of a fiscal year), or

(b) Part 3 of Appendix "A" hereof (except as otherwise provided in (c) below) if the maximum quantity of ore set forth in such written approval is equal to or less than twenty thousand (20,000) pounds of contained U_3O_8 per fiscal year (prorated for portions of a fiscal year), or

(c) Part 4 of Appendix "A" hereof if the maximum quantity of ore set forth in such written approval is equal to twenty thousand (20,000) pounds of contained U_3O_8 per fiscal year (prorated for portions of a fiscal year) and such written approval specifies that the property is added to said Part 4.

3. During the period of this contract prior to January 1, 1969, the Commission and the Contractor may, by mutual written agreement without formal modification of this contract, provide for the purchase or acquisition by the Contractor, for processing in the plant for sale to the Commission of the uranium concentrate produced therefrom, of uranium-bearing ores which are mined from properties under the control of third parties, in addition to ores mined from the properties which are added to Appendix "A" hereof pursuant to paragraphs 1 and 2 of this article. Such written agreement shall provide, among other things, for the addition of the property from which the uranium-bearing ores are to be derived, and the quantity of ore to be so purchased or acquired, to Part 5 of Appendix "A" hereof.

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4. During the period of this contract subsequent to December 31, 1968, the Contractor may, subject to the prior written approval of the Contracting Officer, as hereinafter provided, purchase or otherwise acquire for processing in the plant for sale to the Commission of the uranium concentrate produced therefrom, uranium-bearing ores which are mined from properties under the control of third parties, in addition to ores purchased or acquired by the Contractor for the production of U_3O_8 in concentrate for sale to the Commission pursuant to subparagraph 1.c.(i) of Article I hereof. During such period the Commission shall have the right and option, but no obligation, to require the Contractor to purchase or otherwise acquire from third parties, uranium-bearing ores which are economically and metallurgically amenable to the plant process in use at the time of such purchase or acquisition, provided, that during said period the Contractor shall not be required, pursuant to the provisions of this option, to purchase or acquire during any fiscal year, and pro rata during fractions of a fiscal year at the beginning and ending of such period, more than fifty thousand (50,000) tons of such ores, and further provided, that subject to the availability of mill capacity, the Contractor shall not be required to purchase or acquire more than five thousand (5,000) tons of such ore in any calendar month without prior Contractor approval. The Contracting Officer's written approval of the Contractor's purchase or acquisition of such ores or of an ore purchase agreement as to any such property, or the Commission's written notification to the Contractor of its exercise of the option under this paragraph shall, without further agreement of the parties to this contract, have the effect of adding the property from which the uranium-bearing ores are to be derived, and the quantity of such ores set forth in such written approval or notification (which quantity shall not exceed ten thousand (10,000) pounds of contained U_3O_8 per calendar six-month period) for the period of time therein set forth, to Part 6 of Appendix "A" hereof.

5. During the period of this contract subsequent to December 31, 1968, the Commission and the Contractor may, by mutual written agreement without formal modification of this

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contract, provide for the purchase or acquisition by the Contractor, for processing in the plant for sale to the Commission of the uranium concentrate produced therefrom, of uranium-bearing ores from third parties, in addition to ores purchased or acquired by the Contractor for the production of U_3O_8 in concentrate for sale to the Commission pursuant to subparagraphs 1.c.(i) and 1.c.(ii) of Article I hereof. Such written agreement shall provide, among other things, for the addition of the name of the ore producer and the property or properties from which the uranium-bearing ores are to be acquired, and the quantity of ore to be so purchased or acquired to Part 7 of Appendix "A" hereof.

6. Ores purchased or acquired from third parties under this article and the other provisions of this contract shall be purchased or acquired at prices and upon such terms and conditions (including specifications) as may be reasonable under the circumstances existing at the time of such purchase or acquisition.

ARTICLE VII - ORE RESERVE DATA

1. The Contractor agrees to make available to the Commission upon the Commission's request during the term of this contract, all uranium ore reserve data which the Contractor may have in its possession with respect to lands in the United States and its territories which are or may be owned or controlled by the Contractor. This data shall include, but not be limited to, copies of drill and gamma logs, data on gamma log calibration and interpretation, sample data including chemical or radio-metric assays; plan maps or cross section maps, as compiled by the Contractor, showing location of drill holes, sample points, mine workings, and ore bodies. The Contractor agrees to allow Commission representatives access to all uranium exploration areas, uranium mine workings, and uranium ore reserve records of the Contractor.

2. The Contractor further agrees to include in all agreements entered into after the date of execution of this Modification No. 1 to purchase or acquire uranium ore from third parties pursuant to the provisions of this contract, a provision to the

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effect that such third parties agree to make available to the Commission, upon the Commission's request, during the term of this contract, all uranium ore reserve data which such third parties may have in their possession with respect to lands in the United States and its territories which are or may be owned or controlled by such third parties, that such data to the extent possessed by such third parties shall be made available in such detail as outlined in paragraph 1 of this article and that Commission representatives shall be allowed access to uranium exploration areas, uranium mine workings and uranium ore reserve records.

ARTICLE VIII - NONDISCRIMINATION

During the performance of this contract, the Contractor agrees as follows:

1. The Contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this non-discrimination clause.

2. The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

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3. The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the Contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

4. The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

5. The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

6. In the event of the Contractor's noncompliance with the nondiscrimination clause of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

7. The Contractor will include the provisions of paragraphs 1 through 7 in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor.

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The Contractor will take such action with respect to any sub-contract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: provided, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

ARTICLE IX - COVENANT AGAINST CONTINGENT FEES

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty the Government shall have the right to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

ARTICLE X - TAXES

The contract price is deemed to include all Federal, State, and local taxes (including fees and charges) which would be payable in respect of this contract if no interest of the Federal Government were involved.

ARTICLE XI - CONVICT LABOR

In connection with the performance of work under this contract, the Contractor shall not employ any person undergoing sentence of imprisonment at hard labor.

ARTICLE XII - OFFICIALS NOT TO BENEFIT

No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any

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benefit that may arise therefrom, but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE XIII - DISPUTES

1. Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Contracting Officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Contractor. The decision of the Contracting Officer shall be final and conclusive unless, within thirty (30) days from the date of receipt of such copy the Contractor mails or otherwise furnishes to the Contracting Officer a written appeal addressed to the Commission. The decision of the Commission or its duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal proceeding under this article, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Contractor shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision.

2. This "Disputes" article does not preclude consideration of law questions in connection with decisions provided for in paragraph 1 above; provided, that nothing in this contract shall be construed as making final the decision of any administrative official, representative, or board on a question of law.

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ARTICLE XIV - BUY AMERICAN ACT

1. In acquiring end products, the Buy American Act (41 U.S.C. 10a-d) provides that the Government give preference to domestic source end products. For the purpose of this article:

a. "Components" means those articles, materials, and supplies which are directly incorporated in the end products;

b. "End products" means those articles, materials, and supplies which are to be acquired under this contract for public use; and

c. A "domestic source end product" means (1) an unmanufactured end product which has been mined or produced in the United States and (2) an end product manufactured in the United States if the cost of the components thereof which are mined, produced, or manufactured in the United States exceeds fifty percent (50%) of the costs of all its components. For the purpose of this 1.c.(2), components of foreign origin of the same type or kind as the products referred to in 2.b. or c. of this article shall be treated as components mined, produced, or manufactured in the United States.

2. The Contractor agrees that there will be delivered under this contract only domestic source end products, except end products:

a. Which are for use outside the United States;

b. Which the Government determines are not mined, produced, or manufactured in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality;

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c. As to which the Commission determines the domestic preference to be inconsistent with the public interest; or

d. As to which the Commission determines the cost to the Government to be unreasonable.

ARTICLE XV - EXAMINATION OF RECORDS

1. The Contractor agrees that the Commission and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to and the right to examine any directly pertinent books, documents, papers, and records of the Contractor involving transactions related to this contract, until the expiration of three (3) years after final payment under this contract.

2. The Contractor further agrees to include in all his subcontracts hereunder a provision to the effect that the subcontractor agrees that the Commission and the Comptroller General of the United States, or any of their duly authorized representatives, shall, until the expiration of three years after final payment under the subcontract, have access to and the right to examine any directly pertinent books, documents, papers, and records of such subcontractor, involving transactions related to the subcontract. The term "subcontract" as used in this article excludes (i) purchase orders not exceeding Two Thousand Five Hundred Dollars (\$2,500), and (ii) subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public.

3. Nothing in this contract shall be deemed to preclude an audit by the General Accounting Office of any transaction under this contract.

ARTICLE XVI - WALSH-HEALEY ACT

To the extent that this contract is subject to the Walsh-Healey Public Contracts Act, as amended (41 U.S.C. 35-45), there

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are hereby incorporated by reference the representations and stipulations required by said act and regulations issued thereunder by the Secretary of Labor, such representations and stipulations being subject to all applicable rulings and interpretations of the Secretary of Labor which are now or may hereafter be in effect.

ARTICLE XVII - CHANGES

The Contracting Officer may at any time, by a written order, make reasonable changes, within the general scope of this contract, in any one or more of the following: (i) specifications for U_3O_8 concentrate; (ii) method of shipment or packing for U_3O_8 concentrate; (iii) place of delivery; and (iv) place of weighing and sampling. If any such change causes an increase or decrease in the cost of, or the time required for performance of this contract, an equitable adjustment shall be made in the contract price or delivery schedule, or both, and the contract shall be modified in writing accordingly. Any claim by the Contractor for adjustment under this clause must be asserted within thirty (30) days from the date of receipt by the Contractor of the notification of change; provided, however, that the Contracting Officer, if he decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this contract. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the article of this contract entitled "Disputes." However, nothing in this article shall excuse the Contractor from proceeding with the contract as changed.

ARTICLE XVIII - NONPERFORMANCE FOR CAUSES BEYOND CONTRACTOR'S CONTROL

1. The Contractor shall not be liable for any delay in or failure of performance of its obligations hereunder when such delay or failure is due to force majeure as defined in paragraph 3 of this Article XVIII. In the event of any such delay or failure due to force majeure, the Contractor shall promptly notify the Commission in writing, and if, due to such force majeure, the Contractor is unable to deliver to the Commission during any period set forth in Article I hereof

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in which such force majeure occurs, uranium concentrate containing the maximum number of pounds of U_3O_8 which the Commission agrees to purchase during such period pursuant to the provisions of this contract,

(i) if such force majeure occurs prior to January 1, 1969, the Contractor may deliver to the Commission during the term of this contract subsequent to the period of such force majeure, but not subsequent to December 31, 1968, uranium concentrate containing the difference between the maximum number of pounds of U_3O_8 which the Contractor might have delivered and the number of pounds of U_3O_8 which the Contractor did in fact deliver during such period, provided, that any uranium concentrate (including concentrate which may have been set aside for disposition other than to the Commission pursuant to subparagraph l.a. of Article I of this contract) which was produced in the plant prior to January 1, 1969, and which the Contractor was unable to deliver prior to January 1, 1969, by reason of force majeure, may be delivered to the Commission, within the limitations set forth in subparagraph l.b. of Article I hereof, within the six-month period commencing January 1, 1969, and for all purposes under this contract, including payment, the uranium concentrate so produced and delivered shall be deemed to have been delivered hereunder prior to January 1, 1969, and

(ii) if such force majeure occurs or continues subsequent to December 31, 1968, the Contractor may deliver to the Commission during the term of this contract subsequent to the period of such force majeure, uranium concentrate containing the difference between the maximum number of pounds of U_3O_8 which the Contractor might have delivered during the period of such force majeure subsequent to December 31, 1968, and the number of pounds of U_3O_8 which the Contractor did in fact deliver during such period, provided, that, and except as provided in subparagraph l.a. of Article I, paragraph 3 of Article I, and paragraph 1 of Article III hereof, this contract shall not extend beyond December 31, 1970.

The Contractor agrees that in the case of any such delay or failure of performance, the Contractor will use its best efforts to eliminate or remedy the force majeure.

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2. If the Contractor notifies the Commission in writing of the Contractor's inability to produce uranium concentrate in the plant during the period of this contract subsequent to December 31, 1968, and if, in the sole determination of the Contracting Officer, such inability is due to force majeure, the Commission agrees to negotiate with the Contractor to modify this contract to provide that the Contractor may have processed, in another uranium ore processing plant controlled by a contractor having a contract for the sale of uranium concentrate to the Commission, uranium ores which could otherwise be processed in the plant for sale to the Commission under this contract of the uranium concentrate produced therefrom.

3. The term "force majeure" as used in this Article XVIII shall mean any disabling causes beyond the control and without the fault or negligence of the Contractor, which causes may include, but are not restricted to, acts of God or of the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather; but in every case the failure to perform must be beyond the control and without the fault or negligence of the Contractor.

ARTICLE XIX - UTILIZATION OF CONCERNS IN LABOR SURPLUS AREAS

It is the policy of the Government to place contracts with concerns which will perform such contracts substantially in areas of persistent or substantial labor surplus where this can be done, consistent with the efficient performance of the contract, at prices no higher than are obtainable elsewhere. The Contractor agrees to use his best efforts to place his subcontracts in accordance with this policy. In complying with the foregoing and with paragraph 2 of the clause of this contract entitled, "Utilization of Small Business Concerns," the Contractor in placing his subcontracts shall observe the following order of preference: (1) persistent labor surplus area concerns which are also small business concerns; (2) other persistent labor surplus area concerns; (3) substantial labor surplus area concerns which are also small business concerns; (4) other substantial labor surplus area concerns; and (5) small business concerns which are not labor surplus area concerns.

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ARTICLE XX - UTILIZATION OF SMALL BUSINESS CONCERNS

1. It is the policy of the Government as declared by the Congress that a fair proportion of the purchases and contracts for supplies and services for the Government be placed with small business concerns.

2. The Contractor agrees to accomplish the maximum amount of subcontracting to small business concerns that the Contractor finds to be consistent with the efficient performance of this contract.

ARTICLE XXI - RECORDS, REPORTS, AND INSPECTIONS

In addition to reports which may be required under Appendix "D" hereof, the Contractor agrees to submit such reports covering the period of this contract on tonnage, grade, and origin of ores received at the plant, inventories of ores, ores in process, finished products, and tailings and metallurgical recoveries, as the Commission may reasonably request, and agrees that the Commission shall have the right to inspect all records, work, and activities of the Contractor under this contract at such time and in such manner as the Commission shall deem appropriate.

ARTICLE XXII - DEFINITIONS AND SPECIFICATIONS

1. The term "Commission" as used in this contract means the United States Atomic Energy Commission or any duly authorized representative thereof, including the Contracting Officer except for the purpose of deciding an appeal under the article entitled, "Disputes."

2. The term "lot" as used in this contract to describe a quantity of uranium concentrate shall mean a quantity of approximately twenty thousand (20,000) to forty-five thousand (45,000) pounds of uranium concentrate, unless otherwise agreed upon by the Commission and the Contractor, packaged in accordance with Appendix "C" hereof.

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3. The specifications for uranium concentrate under this contract are:

- a. Minimum uranium oxide (U_3O_8) content of 75.00%.
- b. Maximum vanadium oxide (V_2O_5) content of 2.00% of the U_3O_8 content.
- c. Maximum phosphate (PO_4) content of 4.00% of the U_3O_8 content.
- d. Maximum molybdenum (Mo) content of 0.60% of the U_3O_8 content.
- e. Maximum boron (B) content of 0.20% of the U_3O_8 content.
- f. Maximum halogens, Cl, Br, and I, expressed as Cl, content of 0.30% of the U_3O_8 content.
- g. Maximum fluorine (F) content of 0.10% of the U_3O_8 content.
- h. Maximum arsenic (As) content of 2.00% of the U_3O_8 content.
- i. Maximum carbonate (CO_3) content of 4.00% of the U_3O_8 content.
- j. Maximum sulfate (SO_4) content (including total sulfur expressed as (SO_4)) of 10.00% of the U_3O_8 content.
- k. Maximum calcium (Ca) content of 1.50% of the U_3O_8 content.
- l. Maximum amount of U_3O_8 insoluble in nitric acid 0.10% of the U_3O_8 content as determined by the standard method used by the Commission for making all such determinations for insolubility of U_3O_8 .

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- m. Maximum thorium (Th) content of 2.00% of the U_3O_8 content.
- n. Maximum zirconium (Zr) content of 2.00% of the U_3O_8 content.
- o. Rare Earths:
 - Maximum samarium (Sm) content of 0.015% of the U_3O_8 content.
 - Maximum europium (Eu) content of 0.015% of the U_3O_8 content.
 - Maximum gadolinium (Gd) content of 0.015% of the U_3O_8 content.
 - Maximum dysprosium (Dy) content of 0.015% of the U_3O_8 content.
- p. Maximum organic content of 0.10% as determined by the standard method used by the Commission for making all such determinations for organic content.
- q. Maximum moisture (H_2O) content of 10.00% (determined on an "as received" basis and drying at $110^{\circ} C.$).
- r. All uranium concentrate shall pass through a quarter-inch screen.
- s. All uranium concentrate shall be amenable to refining by solvent extraction as determined by the standard tests now used by the Commission for making such determinations, or by such other tests as may be agreed upon by the parties hereto. For purposes of provisions of paragraph 4 of Article II of this contract, the tests referred to in this subparagraph s. shall be considered assays.

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Specifications a. through o. above are to be determined and reported on a dry weight basis and specifications p. through s. on an "as received" basis.

4. Unless otherwise provided, weights are avoirdupois dry weights. For example, the term "ton" means a short ton of two thousand (2,000) pounds avoirdupois.

5. The terms "Contracting Officer" and "agency contracting officer" mean the person executing this contract on behalf of the Government, and include his successors or any duly authorized representative of any such person.

6. As used herein, the term "fiscal year" means a period consisting of twelve (12) consecutive calendar months commencing on July 1 and ending on the following June 30.

7. Reference herein to Appendix "A" includes such appendix as it may from time to time be supplemented or amended under the provisions of this contract.

8. As used herein, the term "ores other than uranium ores" includes an ore containing uranium but only if such ore assays less than 0.10% U_3O_8 .

9. As used herein, the term "material other than uranium material" means any material, other than ore, such as mill products including tailings and residues, and industrial scrap, and includes material containing uranium but only if such material assays less than 0.10% U_3O_8 .

10. As used herein, the term "ore" includes an upgraded mine product.

11. As used herein, the term "calendar year" means a period consisting of twelve (12) consecutive calendar months commencing on January 1 and ending on the following December 31.

12. As used herein, the term "calendar six-month period" means the period January through June, and July through December of each year.

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13. All references herein to the Internal Revenue Code and regulations thereunder shall be deemed to refer to such Code and regulations in effect as of December 31, 1962; except that, for purposes of the depreciation calculations provided for under Appendix "D" of this contract, the handling of the Investment Tax Credit shall be as provided for in the Revenue Act of 1964 (P. L. 88-272; 78 Stat. 19).

14. For purposes of this contract, uranium ore produced from mining properties controlled by the Contractor shall not be considered as "purchased" or "acquired" or "purchased and acquired" from third parties.

ARTICLE XXIII - ASSIGNMENT AND ASSIGNMENT OF CLAIMS

Neither this contract nor any interest therein nor claim thereunder shall be assigned or transferred by the Contractor except as hereinafter in this article provided, or except as otherwise expressly authorized in writing by the Contracting Officer.

Pursuant to the provisions of the Assignment of Claims Act of 1940, as amended (31 U. S. Code 203, 41 U. S. Code 15), claims for moneys due or to become due the Contractor from the Government under this contract may be assigned to a bank, trust company, or other financing institution, including any Federal lending agency, and may thereafter be further assigned and reassigned to any such institution. Any such assignment or reassignment shall cover all amounts payable under this contract and not already paid, and shall not be made to more than one party, except that any such assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in such financing.

ARTICLE XXIV - EFFECTIVE DATE OF CERTAIN PROVISIONS

1. Paragraphs 2, 3, and 4 of Article II, paragraph 3 of Article XXII, and Appendix "B" hereof, shall be effective for deliveries of uranium concentrate after the last day of the month in which this modification of contract is executed.

2. Paragraph 1 of Article II hereof shall be effective as of September 23, 1963.

3. Articles VIII, XIV, XV, XIX, and XX hereof shall be effective as of the date of execution of this modification of contract.

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C. The two letter agreements between the parties hereto, both dated February 19, 1965 and accepted by the Contractor March 26, 1965, together with all modifications or supplements thereto, are hereby superseded.

IN WITNESS WHEREOF, the parties hereto have executed this modification of contract as of the day and year first above written, intending to be legally bound thereby.

Witnesses:

UNITED STATES OF AMERICA
UNITED STATES ATOMIC ENERGY COMMISSION

/s/ Don R. Hill

By /s/ Allan E. Jones

/s/ J. C. Westbrook

Title Manager GJO

VANADIUM CORPORATION OF AMERICA

/s/ Barbara R. Regan

By /s/ D. A. Shriver

/s/ Elizabeth Eigenraam

Title Exec. Vice President

ACKNOWLEDGMENT

I, John H. Ross, certify that
I am the Assistant Secretary of the corporation named
as Contractor herein; that D. A. Shriver,
who signed this Modification of Contract on behalf of the
Contractor, was then Executive Vice President of said corporation;
that said Modification of Contract was duly signed by and on
behalf of said corporation by authority of its governing body
and is within the scope of its corporate powers.

IN WITNESS WHEREOF, I have hereto affixed my hand and
the seal of said corporation this 19th day of November,
1965.

/s/ John H. Ross

(CORPORATE SEAL)

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APPENDIX "A"
Mining Properties and Ore Producers

1. The properties and ore producers listed below in this Appendix "A" are those to which reference is made in Articles I and VI of this contract, and from which ores are to be mined, purchased, or acquired by the Contractor for processing in the plant during the term of and pursuant to the provisions of this contract for sale to the Commission of the uranium concentrate produced therefrom. The number of pounds of U_3O_8 listed in Part 1 below for the property therein described (all of the lands therein described are considered as one property for purposes of this Appendix "A") is the maximum number of such pounds of U_3O_8 in acceptable concentrate derived from ores mined from that property which the Commission agrees to purchase pursuant to the provisions of this contract during any period set forth in said Part 1, determined in accordance with the provisions of said Part 1. The number of pounds of U_3O_8 in concentrate which is equal to ninety-seven percent (97%) of the number of pounds of U_3O_8 in ore which may be listed from time to time in Parts 2, 3, 4, 5, 6, and 7 below for each mining property or ore producer is the maximum number of pounds of U_3O_8 in acceptable concentrate derived from ores mined from that property or acquired from such producer which the Commission agrees to purchase, during any period therein set forth, pursuant to the provisions of this contract.

The number of pounds of U_3O_8 in uranium concentrate derived from ores produced from each of the properties described in Parts 2, 3, 4, 5, and 6 of this Appendix "A", and from ores acquired from each of the producers listed in Part 7 hereof, shall be determined for each fiscal year or other period during the term of this contract by multiplying by ninety-seven percent (97%) the number of pounds of U_3O_8 in ores purchased or acquired by the Contractor during said fiscal year or other period pursuant to the provisions of this contract from such property or producer; provided, that for the period of this contract commencing January 1, 1963 and ending June 30, 1963, the number of pounds of U_3O_8 in uranium concentrate derived from ores produced from the property described in Part 3 of this Appendix "A" is forty-four thousand two hundred eighty-three and sixty-seven hundredths (44,283.67) pounds.

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Prior to the Contractor's purchase or acquisition of uranium ore in the form of an upgraded mine product, or ores other than uranium ores or material other than uranium material, as defined in Article XXII of this contract, for processing in the plant pursuant to the provisions of this contract, the parties shall agree upon an appropriate modification of Appendix "D" of this contract, including written procedures for determining the number of pounds of U_3O_8 contained in such upgraded mine product or ores other than uranium ores or material other than uranium material.

2. Additional properties may from time to time be added to Parts 2, 3, 4, 5, and 6 of this appendix, and uranium ore producers may be added to Part 7 hereof, pursuant to the provisions of Article VI of this contract; and additional properties and ore producers may be added to Part 1 of this appendix pursuant to paragraph d. of said Part 1.

3. a. Should any portion of any property now or hereafter listed in this Appendix "A", other than the property described in Part 1 of this Appendix "A" pass from the control of the holder thereof as set forth below, the Commission reserves the right, only through December 31, 1966, to apportion among such resulting properties, as hereinafter provided, the number of pounds of U_3O_8 in concentrate per fiscal year listed for the property in this appendix, and such apportionment shall be effective upon receipt by the Contractor of written notice thereof from the Commission. Any such apportionment shall be made by the Commission's (i) allocating, as may be deemed by the Commission to be required under its allocation procedures, an appropriate number of pounds of U_3O_8 in ore per fiscal year to that portion of the property which has passed from the control of the holder thereof as set forth below, (ii) deleting such portion of the property from the appropriate part of this appendix, and (iii) subtracting ninety-seven percent (97%) of the number of pounds of U_3O_8 in ore per fiscal year so allocated to the property which has passed from

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the control of the holder set forth below from the number of pounds of U_3O_8 in concentrate per fiscal year theretofore listed in this Appendix "A" for the property, to determine the maximum quantity of U_3O_8 in concentrate per fiscal year, derived from that portion of the property remaining under the control of the holder thereof as set forth below, which will be purchased by the Commission hereunder in the remaining period of this contract prior to January 1, 1967; provided, that no such apportionment shall be made by the Commission pursuant to this subparagraph a. until and unless the Commission shall have approved the processing in a uranium ore processing plant being operated under contract (including this contract) with the Commission, of uranium-bearing ores produced from that portion of the property which has passed from the control of the holder thereof as set forth below. If no apportionment is made pursuant to this subparagraph a., the portion of the property which has passed from the control of the holder thereof shall remain described in this appendix and shall continue to be subject to the provisions of subparagraph l.d. of Article I of this contract, except that, with respect to such portion of the property, no reduction in the Commission's purchase obligation under said subparagraph l.d. shall exceed the quantity of U_3O_8 in concentrate determined by applying the provisions of said subparagraph l.d. to the quantity of U_3O_8 in ore deliverable from such portion of the property pursuant to the Commission's announcement dated June 29, 1962 (Press Release No. 350), or such larger quantity of U_3O_8 in ore as is allocated to such portion of the property by the Commission, as deemed by the Commission to be required under its allocation procedures.

b. Should any portion of the property described, on the date of execution of this Modification No. 1 or thereafter, in Part 1 of this Appendix "A" pass from the control of the Contractor, the portion of the property which has passed from the control of the Contractor shall remain described in Part 1 of this Appendix "A" and shall continue to be subject to the provisions of subparagraph l.d. of Article I of this contract, except that, with respect to such portion of the property, no reduction in the Commission's purchase obligation under said subparagraph l.d.

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shall exceed the quantity of U_3O_8 in concentrate determined by applying the provisions of said subparagraph 1.d. to the quantity of U_3O_8 in ore deliverable from such portion of the property pursuant to the Commission's announcement dated June 29, 1962 (Press Release No. 350), or such larger quantity of U_3O_8 in ore as is allocated to such portion of the property by the Commission, as deemed by the Commission to be required under its allocation procedures.

c. If any portion of the mining property described in Part 1 of this appendix passes from the control of the Contractor and if such portion of the property is added prior to January 1, 1967, to a part of this appendix other than Part 1, the quantity of U_3O_8 in concentrate to be purchased under this contract as to said Part 1 will be reduced, in each fiscal year or other period set forth in subparagraph a.(iii) of said Part 1, by ninety-seven percent (97%) of the number of pounds of U_3O_8 in ore acquired by the Contractor from such portion of the property during such fiscal year or other period, which number of pounds of U_3O_8 in ore shall be limited to the quantity of U_3O_8 in ore per fiscal year which is deliverable from such portion of the property pursuant to the Commission's announcement dated June 29, 1962 (Press Release No. 350), or such larger quantity of U_3O_8 in ore per fiscal year as is allocated to such portion of the property by the Commission, as deemed by the Commission to be required under its allocation procedures; and that portion of the mining property described in said Part 1 which has passed from the control of the Contractor shall be deleted from said Part 1.

4. In addition to the following specifically described properties all lands in the State of Colorado; in San Juan and Rio Arriba Counties, New Mexico; in Apache and Navajo Counties, Arizona; and in San Juan (except the Uracop 1-3 unpatented mining claims located in sections 8 and 9, T. 35 S., R. 15 E., SIM), Kane, Garfield, Wayne, Emery, and Grand Counties, Utah, which were under the control of the Contractor both as of November 24, 1958 and as of midnight, MST, March 31, 1961, as determined by the Commission, and all lands lying within (i) the Navajo Indian Reservation or (ii) San Juan County, Utah, in which the uranium mining rights were under the control of

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Kerr-McGee Oil Industries, Inc., both as of November 24, 1958 and November 1, 1959, are also included in Part 1 of this Appendix "A". The Commission's determination of such control in the form of a letter to the Contractor shall have the effect of adding the description and the other information concerning such lands to Part 1 of this Appendix "A" without further agreement of the parties hereto.

5. By mutual written agreement, without formal amendment of this contract, the parties hereto may include additional lands in any part of this Appendix "A" or delete any lands included therein.

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Part 1

a. Pursuant to the provisions of subparagraphs l.b. and l.c. of Article I of this contract, and subject to the provisions of Article XVIII of this contract, the Commission agrees to purchase from the Contractor in the period of this contract commencing January 1, 1963, acceptable uranium concentrate produced in the plant which is derived from ores produced from the lands described in this Part 1, and from lands which may be added to this Part 1 pursuant to paragraph d. of this Part 1, in the following maximum quantities:

(i) In the period of this contract commencing January 1, 1963 and ending June 30, 1963, uranium concentrate containing two hundred eighty-five thousand one hundred fifty-seven and twenty-three hundredths (285,157.23) pounds of U_3O_8 ;

(ii) In the fiscal year ending June 30, 1964, uranium concentrate containing four hundred sixty-two thousand five hundred forty-eight and seventy-eight hundredths (462,548.78) pounds of U_3O_8 ;

(iii) In any fiscal year during the period of this contract commencing July 1, 1964 and ending December 31, 1966, and pro rata for the period July 1, 1966 through December 31, 1966, uranium concentrate containing four hundred thirty-three thousand three hundred eighty-four and forty-eight hundredths (433,384.48) pounds of U_3O_8 ;

(iv) In any fiscal year during the period of this contract commencing January 1, 1967 and ending December 31, 1968, and pro rata for the portions of a fiscal year at the beginning and ending of such period, uranium concentrate containing four hundred thirty-three thousand three hundred eighty-four and forty-eight hundredths (433,384.48) pounds of U_3O_8 ; and

(v) In the period of this contract commencing January 1, 1969 and ending December 31, 1970, uranium concentrate containing the lesser of (a) eight hundred sixty-six thousand seven hundred sixty-eight and ninety-six hundredths (866,768.96) pounds of U_3O_8 , or (b) the number of pounds of U_3O_8 in concentrate derived from the mining property described in this Part 1

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Appendix "A"
Part 1, continued

and delivered to the Commission prior to January 1, 1969, for calendar years 1967 and 1968, and accepted by the Commission pursuant to the provisions of this contract, provided, that the Commission shall not be obligated to purchase such uranium concentrate at a rate in excess of one-half of such number of pounds of U_3O_8 per fiscal year (pro rata for portions of a fiscal year) during such period;

provided, that the maximum number of pounds of U_3O_8 in concentrate which the Commission is obligated to purchase in each fiscal year or other period set forth in (iii) through (v) above as to the property described in this Part 1, shall be reduced by the number of pounds of U_3O_8 , if any, by which A below exceeds B below:

A equals the number of pounds of U_3O_8 determined by adding (1) the number of pounds of U_3O_8 in concentrate which the Commission is obligated to purchase in such fiscal year or other period as to this Part 1, to (2) the total number of pounds of U_3O_8 in concentrate derived from ores produced from the property described in this Part 1 which were purchased by the Commission for all previous fiscal years and other periods set forth in (i) through (v) above; and

B equals the sum of one hundred fifty-four thousand (154,000) pounds of U_3O_8 plus the total number of pounds of U_3O_8 contained in ore mined from the property described in this Part 1 which is weighed and sampled at the plant (excluding the Contractor's up flow batch leach plant in Apache County, Arizona and its chemical concentrator in the vicinity of Naturita, Colorado) during the period commencing March 1, 1963 and ending as of the end of the fiscal year or other period for which this computation is made;

and further provided, that the number of pounds of U_3O_8 in concentrate which the Commission is obligated to purchase pursuant to (iii) above, in the period commencing July 1, 1966

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Appendix "A"

Part 1, continued

and ending December 31, 1966, shall be retroactively reduced as of July 1, 1967, by the number of pounds of U_3O_8 in concentrate equal to ninety-seven percent (97%) of the number of pounds of U_3O_8 contained in all ores produced from mining properties listed in Parts 2, 3, 4, and 5 of this Appendix "A", and purchased or acquired by the Contractor prior to January 1, 1967, for the production of uranium concentrate for sale to the Commission hereunder, which have not been fed to process in the plant prior to July 1, 1967, for the production of uranium concentrate for sale to the Commission hereunder. Any amount of U_3O_8 in concentrate purchased by the Commission between July 1, 1966 and December 31, 1966, in excess of the retroactively reduced obligation, shall be deemed to have been derived from the lands described in this Part 1 and purchased by the Commission in the period January 1 through June 30, 1967.

b. The Contractor agrees that during the period of this contract commencing as of the date of execution of this Modification No. 1 and ending December 31, 1968, it will not voluntarily relinquish control of any leasehold interest in any of the lands described in this Part 1 without the prior written approval of the Commission.

c. It is understood and agreed by the parties hereto that the Contractor may derive the total quantity of U_3O_8 in uranium concentrate for sale to the Commission as provided in this Part 1 from ores produced from any, or part, or all of the lands described in this Part 1, and that the Contractor shall be free to mine the lands described in this Part 1 in such order, and to mine each of them to such extent (or not at all) as the Contractor in its sole discretion shall determine.

d. During the period of this contract subsequent to December 31, 1968, the Contractor shall, prior to processing in the plant uranium-bearing ores derived from any mining property, other than

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Part 1, continued

the property described in this Part 1, for sale of uranium concentrate produced therefrom to the Commission pursuant to subparagraph 1.c.(i) of Article I hereof, submit to the Contracting Officer, in writing, the name and address of the ore producer and a description of the mining property from which such ores are to be derived and, if such ores are to be purchased or acquired from a third party, an executed copy of the agreement providing for the purchase or acquisition of such ores. The Contracting Officer shall, pursuant to subparagraph 1.h. of Article I of this contract, determine whether or not deliveries of U_3O_8 were deferred as to any such mining property under any contract, including this contract, and shall inform the Contractor in writing of such determination as soon as practicable. The Contracting Officer's written determination that deliveries were not so deferred as to any mining property, or the Contracting Officer's written authorization to the Contractor to process ores derived from such mining property, shall have the effect of adding the description of such property and the name of such ore producer to this Part 1 without further agreement of the parties to this contract. If the Contracting Officer shall not have informed the Contractor in writing, within thirty (30) days after the Contracting Officer's receipt of the description of such mining property, of the Contracting Officer's determination as to whether or not deliveries of U_3O_8 were so deferred, the description of such property and the name of such ore producer shall be added to this Part 1 without further agreement of the parties hereto.

e. The number of pounds of U_3O_8 in uranium concentrate for sale to the Commission, derived from ores produced from the property described in this Part 1, for any fiscal year or portion thereof herein set forth, shall be determined for purposes of Article I of this contract and this appendix by subtracting B from A in accordance with the following formula:

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Part 1, continued

A equals the total number of pounds of U_3O_8 in uranium concentrate purchased by the Commission under this contract for such fiscal year or portion thereof.

B equals the number of pounds of U_3O_8 in concentrate determined by:

(i) Multiplying by ninety-seven percent (97%) the number of pounds of U_3O_8 in ore purchased or acquired by the Contractor during such fiscal year or portion thereof from each of the properties and ore producers described and listed in Parts 2, 3, 4, 5, 6, and 7 of this Appendix "A";

(ii) Adding to the number of pounds of U_3O_8 obtained in (i) above, the number of pounds of U_3O_8 , if any, by which ninety-seven percent (97%) of the number of pounds of U_3O_8 in ore purchased or acquired by the Contractor from each of the properties and ore producers described and listed in Parts 2, 3, 4, 5, 6, and 7 during the preceding fiscal years or portions thereof set forth in this contract exceeded the maximum number of pounds of U_3O_8 in concentrate which the Commission was obligated to purchase as to such property or ore producer for such preceding fiscal years or portions thereof;

(iii) Determining for each such property and ore producer described and listed in said Parts 2 through 7, the lesser of (a) the number of pounds of U_3O_8 obtained in (ii) above as to Parts 2, 3, 4, 5, 6, and 7, or (b) the maximum number of pounds of U_3O_8 in concentrate which the Commission is obligated to purchase as to such property or ore producer for the fiscal year or portion thereof for which this determination is being made; and

(iv) Adding together the lesser number of pounds of U_3O_8 determined in (iii) above for each such property and ore producer.

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Appendix "A"
Part 1, continued

Subpart A

(1) Amalgamator Flats Group

Located within Sections 29-32, T47N, R16W; Section 6, T46N, R16W; Sections 25 and 36, T47N, R17W; and Section 1, T46N, R17W, NMPM, Montrose County, Colorado, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Bag 1-12	473	163-185
Blackie 1-13	349	170-182
Blue Jay 1-10	349	156-165
Donna K. 1-2	473	209-211
Donna K. 3-13	349	138-148
Flat Top 1-12	349	113-124
Gary M 9-12	448	360-366
Joker 1-12	343	584-595
Lola A	469	25
Lola A 1	469	23
Norma Rae 1-13	448	420-445
Pete	468	241
Pete 1	468	243
Uranium Queen	473	253
Uranium Queen 1	473	255

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 Appendix "A"
 Part 1
 Subpart A, continued

(2) Barlow Group

Located within Sections 22, 23, 26, and 27, T40N, R10W, NMPM, Dolores County, Colorado, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Barlow 1-6	58	103-105
South Barlow Group 1-16	58	170-177
Crackerjack	58	219

(3) Bear Creek Group

Located within Section 4, T42N, R10W, NMPM; and Sections 28 and 33, T43N, R10W, NMPM, San Miguel County, Colorado, consisting of patented and unpatented mining claims as follows:

Patented Claims

Claim Name	M. S. No.
First National Placer	13018
Primos A	19304
Primos 1	19305
Primos 2	19327
Primos 3	19363
Primos 4	19384
Primos 5, 6	19902 A
Primos 13-16	19902 A
Primos Mill Site	19902 B
Vanadis 4-7	16864

Unpatented Claims

Claim Name	Location Notice	
	Book	Page
Primos 7-12	119	35-38
Secane	96	531
Oversite 1	289	264

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Appendix "A"
Part 1
Subpart A, continued

(4) Bitter Creek Group

Located within Sections 1, 2, and 12, T46N, R17W, NMPM; and
Sections 6 and 7, T46N, R16W, NMPM, consisting of unpatented
mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Amalgam	357	278
Amalgam 1, 2	357	278, 279
Bishop	201	278
Blackbird	201	303
Buckeye	201	255
Buckeye Mill Site	237	11
Dynamite	201	257
Easy	201	256
Jack 1-13	448	394-418
Lexington	201	539
Mormon	201	279
Raven	201	304
Van	201	277

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 Subpart A, continued

- (5) Brammeier Group
 Located within Sections 3, 9, 10, 15, 16, 17, 20, 21, 22, and 35,
 T47N, R17W, NMPM; and Section 2, T46N, R17W, NMPM, Montrose County,
 Colorado, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Big Chief 1-6	296	33-38
Butterfly	201	335
Butterfly 2	201	573
Dew Drop 1	296	307
Flag Staff	343	216
Funny Boy	343	217
Gnat Fraction	448	368
Gnat Fraction 1-9	448	370-386
Golden Eagle	201	379
Hidden Basin 1-4	296	308-311
Hot Box 3-5	296	498-500
Jack Pine	335	534
Little Pass 1, 2	296	39, 40
Merry Widow	201	336
Merry Widow 2, 3	201	574, 575
Mess, Mess 1	468	127, 129
Pepper Box	201	505
Purple Sage 1-6	296	285-290
Sunbeam 1	201	596
Sunbeam 2-6	296	41-45
Sunflower 1, 2	296	494, 495

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(5) Brammeier Group (continued)

Claim Name	Location Notice	
	Book	Page
T. N. T. 1-10	296	291-300
Vanadium Belle 5, 6	335	513, 514
Vanadium King 1-6	296	505-510
Vanadium King 7, 8	296	517, 518
Wasp 1, 2	201	577, 578
Wedge 1-3	201	579-581
Windy Day	201	337
Yellow Elephant	201	582
Yellow Pine	335	538

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Subpart A, continued

(6) Bull Canyon Group

Located within Section 31, T46N, R17W; Sections 5, 6, 7, and 8, T45N, R17W; Sections 1, 2, 10-15, T45N, R18W; and Sections 25, 26, 35, and 36, T46N, R18W, NMPM, Montrose County, Colorado and San Miguel County, Colorado, consisting of unpatented mining claims as follows:

Montrose County

Claim Name	Location Notice	
	Book	Page
April	201	548
April 1	343	458
Baby Fawn Lode	201	420
Baby Ruth Lode	201	424
Baby Ruth 2	448	338
Bachelor	296	133
Bell	468	453
Big Bull Lode	201	419
Big Bull 1-8	484	219-233
Big Bull 9-16	484	313-327
Big Bull 17, 18	484	470, 468
Big Joker	296	134
Broomstick	145	55
Buckhorn	201	429
Camel 6	343	338
Cedar	296	135
Corral	201	428
Crab Orchard	201	461
Diana	201	425
Dinah 2	448	340
Doctor Lode	201	421

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(6) Bull Canyon Group (continued)

Claim Name	Location Notice	
	Book	Page
Doctor No. 1 Lode	343	449
Doctor No. 2 Lode	343	450
Ed 1-13	484	267-291
Fawn Springs 29*	343	265
Fossil Lode	201	551
Fox	484	329
John K 2	145	284
Mesa Lode	201	550
New John K 1	296	136
Pinyon Lode	201	137
Pothole Lode	296	137
Roadside	201	418
Schoolmarm	201	426
September Morn Lode	201	422
September Morn 1-3	348	94-95
September Morn 4-5	343	459, 493
September Morn 3 1/2	343	494
Shamrock	201	430
Slide	448	446
Venture	201	417

* Only the portion of the Fawn Springs 29 deeded to VCA by
 Quit Claim Deed dated March 1, 1960, Recorded in Book 498,
 Page 48.

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Subpart A, continued

(7) Chess Ridge Group

Located within Section 7, T27S, R24E, S1M, San Juan County, Utah,
consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Chess Ridge 1	R-1	83
Chess Ridge 2, 3	R-1	159
Groundhog	R-1	279

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(8) Dolores Group

Located within Sections 11, 12, 13, 14, 23, and 24, T48N, R18W;
and Sections 19, 29, and 30, T48N, R17W, NMPM, Montrose County,
Colorado, consisting of patented and unpatented mining claims
as follows:

Patented Claims

<u>Claim Name</u>	<u>M. S. No.</u>
Black Rock	19607
Cliff Dweller	19607
Club 3	19608
Club Sandwich	19608
North Star	19606
Rose Bud	19606

Unpatented Claims

<u>Claim Name</u>	<u>Location Notice</u>	
	<u>Book</u>	<u>Page</u>
Echado	296	185
Greenbar	296	187
Indians	433	213
Nucla	145	243
Nucla 2	433	215
Red Sox	296	190
Sitting Bull	296	250
Skipper	411	83
Toltec	296	251
UnawEEP	296	252
Yankees	296	193
White Sox	296	192

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(9) Eckman and Richards Lease

Located within Section 6, T46N, R16W; Section 31, T47N, R16W;
Section 1, T46N, R17W; and Section 36, T47N, R17W, NMPM, Montrose
County, Colorado, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Bitter Creek	468	452
Bitter Creek 1-3	468	454-458

(10) Engineers Associates Lease

Located within Sections 35 and 36, T47N, R17W; and Sections 1 and 2,
T46N, R17W, NMPM, Montrose County, Colorado, consisting of unpatented
mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Sylvia	343	433
Sylvia 2, 3	343	433, 434
Ruth K. 2, 3	343	234, 235
Ruth K. 4	343	228

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Subpart A, continued

(11) Fall Creek Group

Located within Sections 18 and 19, T43N, R10W; and Sections 12, 13, and 24, T43N, R11W, NMPM, San Miguel County, Colorado, consisting of patented and unpatented mining claims as follows:

Patented Claims

Claim Name	M. S. No.
Czar	19937 A
Eagles	20139
Eagle 2	18211
Eagle 6	18211
Fall Creek	19937-A
Fall Creek 1-5	19937-A
Fall Creek 6-10	20140
Fall Creek Millsite	19937-B
Kaiser	19937-A
Lawton	17943
Slater	17937

Unpatented Claims

Claim Name	Location Notice	
	Book	Page
Aspen	174	38
Fall Creek 11, 12	243	204
Lone Tree 3	122	258
Lucky Fraction	119	403

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(12) Garbutt Group

Located within Sections 3, 4, 5, 8, 9, and 10, T37S, R21E, SIM; and Sections 32 and 33, T36S, R21E, SIM, San Juan County, Utah, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Annapolis	152	155
Badger	R	537
Birthday	R	537
Black Brush	R	539
Blood	R	510
Blue Bird	R	536
Box Canyon	R	507
Cedar Bird	R	506
Cliff House	R	506
Confusion	R	547
Confusion 1-2	R-1	287-288
Crystal	R	534
East Bank	R-1	56
East Bank 1	152	153
Easter	R-1	325
Found	R-1	276
Found 2	R-1	320
Found 3	152	154
Found Fraction	154	243
Found Fraction 2	238	351

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(12) Garbutt Group (continued)

Claim Name	Location Notice	
	Book	Page
Kay 1, 2	152	18
Last Chance	R	508
Ledge	R	507
Little Canyon	R	547
Little Canyon 1	152	157
Little Point	R	509
Lone Tree	R	546
Look Out	R	513
Lost	R	545
Middle	R	546
Monument	R	538
North Star	R	536
Pine or West Lost	R	545
Point	R	505
Porky Pine	R	512
Radium	R-1	12
Rainbow	R	510
Recapture	R	511
Sand	R	541
Sand Rock	R	538
Scorpine	R	540
Shale	R	505
Simpatika	152	143
Simpatika 6-9	152	149-152

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(12) Garbutt Group (continued)

Claim Name	Location Notice	
	Book	Page
Skunk	R	511
Snake	R	540
Snowball	R	539
South	R	535
Spring Creek	R	508
Three In One	R	512
Ur-Jean	R-1	276
Ur-Jean 2	R-1	279
Ur-Jean 3, 4	152	157, 158
View	R	572
Wedge	R-1	276
Wedge 1	152	155
West Point	R-1	277
Yellow Jacket	R-1	277
Yellow Jacket 2, 3	R-1	276, 279
Yellow Jacket 4-8	152	160 - 164

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(13) Graysill Group

Located within Sections 19, 20, and 28-33, T40N, R9W; Sections 1 and 2, T39N, R10W; and Section 35, T40N, R10W, NMPM, San Juan and Dolores Counties, Colorado, consisting of unpatented mining claims as follows:

San Juan County

Claim Name	Location Notice	
	Book	Page
Bushwhacker	172	189
Bushwhacker 1-2	172	190-191
Graysill 1-34	165	562-595
Graysill 35-37	172	263-266
Graysill 38	186	488
Graysill 58	172	348
Hermosa	172	192
Hermosa 1	172	193
Hermosa 2	183	191

Dolores County

Claim Name	Location Notice	
	Book	Page
Graysill 38	96	142
Graysill 45-57	67	236-248
Graysill 59-64	67	249-254
Graysill 65-79	84	249-278

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(14) Hyde & Duckett Group

Located within Sections 20, 21, 22, 27, and 31, T31S, R24E; Section 6, T32S, R24E; and Sections 1, 4, 8, 9, 11, 12, and 13, T32S, R23E, S1M, San Juan County, Utah, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Big Lead	R-1	126-127
Big Lead 1	R-1	221
Black Hawk 1, 2	R-1	150
Black Jack	R-1	242
Horn Toad	R-1	292
Little Joe	R-1	125
Logger Head	25	306
Lone Pine	R-1	222
Loya Ray	R-1	118
Navajo 1-2	R-1	179-180
None Such	R-1	126
None Such 1	R-1	126
None Such 2	R-1	179
None Such 3	R-1	221-222
Pack Away	R-1	136
Pack Rat	R-1	118
Pay	R-1	323
P. D. Q.	25	305
Pop Eye	R-1	79
Pop Eye 1	R-1	83
Rainy Weather	R-1	137
Sunup	R-1	118
Sunup 1	R-1	119

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(15) Leopard Creek Group

Located within Sections 23-26, 35, and 36, T44N, R11W, NMPM, San Miguel County, Colorado, consisting of patented and unpatented mining claims as follows:

Patented Claims

Claim Name	M. S. No.
Alpha	20559
Best Friend	19376
Best Friend 2	19377
Beta	19377
Gamma	20559
Leopard Vanadium 1	19035
Leopard Vanadium 2, 3	19036
Leopard Vanadium 4	19109
Mountain View	19376
Nellie Gray	19036
Nettie	19036
Omega	19100
Osage	19109
Vanadis 1	17932
Vanadis 8-11	19034
Zero	19036

Unpatented Claims

Location Notice

Claim Name	Book	Page
Cardinals	174	258
World Series	176	478

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(16) Lisle Wilson Lease

Located within Sections 22-26, T47N, R17W, Sections 7, 8, 17, and 18, T46N, R16W; and Section 12, T46N, R17W, NMPM, Montrose County, Colorado, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Alice 1-3	343	79-81
Bertie's Beauty 1-9	343	82-90
Bertie's Beauty 10-22	343	283-295
Bertie's Beauty 23-24	343	422-423
Butch's Pride 1-2	343	91-92
Conglomerate	343	158
Hard Rock 1-3	296	386-388
Long Shot	343	296
Long Shot 1-13	343	296-309
Long Shot 14-19	343	472-477
Sandy Vanadium 1-6	335	557-562
Vanadium 1-6	335	521-526
Vanadium Queen 1-6	335	527-532
Vanadium Button 1-6	335	515-520

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(17) Little Gyp Group

Located within Sections 3, 4, 10, and 11, T45N, R19W, and Sections 28, 33, and 34, T46N, R19W, NMPM, Montrose County, Colorado, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Acadacus	296	95
Aztec	296	13
Black Gem	201	416
Black Prince	201	529
Canyon View	296	14
Cliffdweller	201	558
Cliffdweller 2, 3	201	559,560
Gyp	201	530
Gyp 1	296	15
Gyp 2, 3	296	176,219
Gypsy Rose	296	253
Happy Jack	296	80
John C.	286	450
Little Jewel	201	412
Midnight	296	81
Morning Star	296	82
Raven	296	83
Roosevelt	286	450
Surprise	296	60
Sylvia Lode	201	411
Tornado	201	415
Valley View	296	94
Watchman	201	560
Whiz Bang	201	414
Whiz Bang 1, 2	296	178,177

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(18) Long Park Group

Located within Sections 9, 10, 15, 16, 20, 21, 22, 27, 28, 29, 34, and 35, T47N, R17W, NMPM, Montrose County, Colorado, consisting of patented and unpatented mining claims as follows:

Patented Claims

Claim Name	M. S. No.	Claim Name	M. S. No.
Dusty ^{1/}	20662	Maggie C. Mill Site	19380-B
Lake Spring Mill Site	20180	Republican ^{1/}	20662
Media	20020	Swindler	20450
Maggie C.	19380-A		

Unpatented Claims

Claim Name	Location Notice	
	Book	Page
Bagger	201	254
Deuce	448	342
Deuce 1-8	448	344-358
Donald L. ^{1/}	201	300
East Media	201	308
Firecracker	296	266
Graybar	201	506
South Media	201	507
Tuxedo ^{2/}	201	302
Uranite	130	53
Vanadate ^{3/}	201	261
Vanadite	122	116

^{1/} Except the portions of the Donald L., Dusty, and Republican claims leased to Union Carbide Corporation by lease dated April 1, 1960, recorded in Book 498, Page 142.

^{2/} Except that portion of the Tuxedo claim described in Quit Claim Deed dated March 1, 1960, recorded in Book 498, Page 147.

^{3/} Except the portion of the Uranite claim that lies within the interior boundaries of the Cloudburst Claim (Book 201, Page 299).

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(19) Lippoth & Wein Lease

Located within Section 36, T46N, R18W; Section 1, T45N, R18W;
and Sections 6 and 7, T45N, R17W, NMPM, Montrose County,
Colorado, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Altat	463	83
Jojen	463	69
Jojen 1	463	67
Market	468	193
Meanie Cat	463	85
Sydoza	463	77
Sydoza 1, 2	463	79, 81
Sydoza 3	468	373
Wamba	463	71
Wamba 1, 2	463	73, 75

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(20) Marvel Mining Company (Carpenter Flats & Beaver Mesa)

Located within Sections 16-21, T48N, R18W, and Sections 28, 33, and 34, T46N, R19W, NMPM, Montrose County, Colorado; Section 14, T51N, R20W, NMPM, Mesa County, Colorado; and Sections 21 and 28, T24S, R26E, SIM, Grand County, Utah.

Montrose County, Colorado

Claim Name	Location Notice	
	Book	Page
Annex 1-4	426	147-153
Blackbird	154	480
Copper Jack	145	120
Index	145	121
Jitterbug	296	418
Legal Tender	154	553
Little Pot 1-4	384	84 - 87
Little Pot 6, 8, 10	384	89, 91, 93
Little Pot 12	384	95
Little Pot 18-25	400	98-105
Little Pot 26	401	357
President	154	522
Prince Fred	154	419
Radium King	145	42
Radium Queen 1-9	349	53-86
Radium Queen 10	349	192
Radium Queen 11, 12	349	452, 457
Radium Queen 13	357	184

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 Part 1
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(20) Marvel Mining Company (Carpenter Flats & Beaver Mesa) (continued)
Montrose County, Colorado (continued)

Claim Name	Location Notice	
	Book	Page
Radium Queen 14, 15	385	57, 58
Robbin A	376	232
Robbin 1-6	376	233-238
Robbin 7, 8	426	161, 163
Shadow	296	154
Spartan	296	155
Tass 22-27	400	127-132
Thunderbird 1, 2	349	55
Thunderbird 3	349	87
Trojan	296	157
Twin Sisters	145	123
Vicksburg	296	158
Waterloo	296	159
<u>Mesa County, Colorado</u>		
Lone Pine 1-3	546	261-263
<u>Grand County, Utah</u>		
Lucky Pine 1-3	9-J	583
Gnat	28	509

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Subpart A, continued

(21) Monument Development Co. Lease

Located within Sections 25, 26, and 35, T36S, R25E, S1M, San Juan County, Utah, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Dusty 1-4	128	148-149
Dusty 5-6	132	9
Dusty 7-8	132	38
Dusty 9-10	136	67

(22) Navajo Indian Reservation Leases and Permits

Lands in Apache County, Arizona, and San Juan County, New Mexico, identified as Navajo Tribal Leases and Permits as follows:

Lease No. 1-149-IND-5456 - Rattlesnake-Saytah

Lease No. 1-149-IND-5705 - Red Rock

Lease No. 1-144-IND-6204, as amended - Monument No. 2

Lease No. 14-20-0603-8249 - Cove Mesa, Cato Sells

Mining Permit No. 583 - Willie Waters

(23) Neesham Lease

Located within Sections 35 and 36, T46N, R18W; and Section 2, T45N, R18W, NMPM, Montrose County, Colorado, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Buckskin 1-5	343	255-259
Buckskin 6-7	469	111-113
Ken 1-4	469	203-209

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 Subpart A, continued

(24) New Verde Group

Located within Sections 15, 16, 21, 22, 27, 28, 33, and 34, T50N, R18W, NMPM, Mesa County, Colorado, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Bluehorn 1-5	603	483-487
Brass Horn 1-4	603	468-471
Brass Horn 585-1	624	582
Brass Horn 585-4	624	581
Brass Horn 585-23	625	577
Buckhorn	597	134
Buckhorn 2	597	135
Bullhorn 1, 2	597	138, 139
Cape Horn 1-5	605	121-125
Cowhorn 1, 2	597	136, 137
Deerhorn 1, 2	603	70, 71
Deerhorn 3	597	482
East Horn 1-5	605	126-130
Elkhorn 1-4	597	477-480
Foghorn 1, 2	603	74, 75
Foghorn 3, 4	603	83, 84
Greenhorn 1-7	597	468-474
Greenhorn 9, 10	597	475, 476
Greenhorn 11	604 A	429
Horn Blower 1, 2	654	431, 433
Horned Owl 1	605	152
Horned Owl 2, 3	604	580, 581
Horned Owl 4	605	153

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(24) New Verde Group (continued)

Claim Name	Location Notice	
	Book	Page
Horned Owl 5, 6	604	582, 583
Horn Spoon 1-11	654	409-429
Hornswoggle 1-4	604	572-575
Hornswoggle 585-4	624	576
Horntoad 1, 4	605	150, 151
Horntoad 2, 3	603	464, 465
Horntoad 5, 6	603	466, 467
Longhorn 1-4	597	130-133
Moosehorn 1	605	154
Moosehorn 2-5	604	576-579
Morehorn 1	688	563
Morehorn 2, 3	688	564, 565
North Horn 1-4	605	136-139
Peep Horn 1-4	603	476-479
Peep Horn 585-1	624	583
Point Horn 1, 2	605	119-120
Powderhorn 1-4	603	79-82
Red Horn 1-8	603	456-463
Saddlehorn 1-3	603	480-482
Saddlehorn 4-8	605	145-149
Shorthorn 1	597	481
Shorthorn 2-4	603	76-78
Silver Horn 1-4	603	472-475
Silver Horn 585-1	624	579

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(24) New Verde Group (continued)

Claim Name	Location Notice	
	Book	Page
Silver Horn 585-4	624	580
Silver Horn 585-23	624	578
Softhorn	603	72
Softhorn 2	603	73
South Horn 1-5	605	140-144
Tin Horn 1-6	597	140-145
Tin Horn 7, 8	604A	427, 428
West Horn 1-5	605	131-135

(25) Jean S. Reynolds Lease

Located within Section 11, T45N, R18W, NMPM, Montrose County, Colorado, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Lark 1	269	479
Lark 2-4	335	17-19
Lark 5, 6	343	205, 206
Lark 7, 8	213	296, 297
Leighton 1, 2	343	478
Navajo	296	432

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Subpart A, continued

(26-A) Oliver & Buss Lease

Located within Sections 4, 5, 8, 9, 10, 15, 16, and 17, T48N, R19W, NMPM,
Montrose County, Colorado, consisting of unpatented mining claims as
follows:

Claim Name	Location Notice	
	Book	Page
Apple Jack	343	196
Arrowhead 3, 4	343	496, 497
Arrowhead 5-7	343	547-548
Arrowhead 8-10	412	246-250
Blue Bird	357	319
Brewster	335	8
Buckhorn 1	343	182
Buckhorn 2	335	599
Buckhorn 3, 4	343	182, 183
Buckhorn 5, 6	343	192, 193
Buckhorn 7, 8	343	188, 190
Buckhorn 9, 10	343	195, 227
Buckhorn 13	376	319
Geiger 1	296	397
Geiger 2	343	207
Ground Hog 1	296	410
Ground Hog 2	343	141
Ground Hog 3, 4	343	189, 190
Ground Hog 5, 6	349	1, 2
Ground Hog 7	349	186
Half Pint	349	82
Half Pint 2	376	312

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Appendix "A"
Part 1
Subpart A, continued

(26-A) Oliver & Buss Lease (continued)

Claim Name	Location Notice	
	Book	Page
Last Chance 1	343	489
Last Chance 3, 4	296	411, 412
Last Chance 5, 6	343	191, 192
Last Chance 7	343	579
Last Chance 8	349	52
Little Fawn	343	424
Little Fawn 2	376	317
Missing Fraction	343	190
Missing Link	349	423
Red Bird	343	490
Red Bird 1	371	211
Red Bird 2, 3	296	398, 399
Red Bird 4	296	468
Red Bird 5	335	275
Red Bird 6-26	335	287-297
Red Bird 28	343	196
Red Bird 29, 30	343	224, 223
Red Bird 31	343	224
Red Bird 36	390	142
Shamrock 1	296	413
Shamrock 2	400	463
Shuffle	349	3
Ureka	343	490
Ureka 2	335	276
Yellow Bird	424	373

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Appendix "A"
Part 1
Subpart A, continued

(26-B) Oliver Brothers & Buss Lease

Located within Sections 4, 5, 8, 9, and 16, T48N, R19W, NMPM, Montrose County, Colorado, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Arrowhead 1, 2	335	297, 298
Geiger 3, 4	384	283, 284
Quickway 1, 2	296	400, 401
Red Bird 6-26	335	287-297
Red Bird 33	357	329
Red Bird 34, 35	379	266, 267

(27) Pitts Group

Located within Sections 16, 17, and 21, T47N, R17W, NMPM, Montrose County, Colorado, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Blue Clay 1-6	343	185-187
Blue Clay 4 $\frac{1}{2}$, 5 $\frac{1}{2}$	484	215, 217
Fubar	484	217
W. H. P.	343	188

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Part 1, Appendix "A"
Subpart A, continued

(28) Rimer Lease

Located within Sections 5, 6, 7, and 8, T45N, R17W; Sections 9, 10, 15, 16, and 22, T45N, R18W; and Sections 4, 9, 10, 14, 15, 22, 23, 26, and 27, T46N, R18W, NMPM, Montrose County, Colorado and San Miguel County, Colorado, consisting of unpatented mining claims as follows:

Montrose County

Claim Name	Location Notice	
	Book	Page
Lower Radium Hill 1, 2	335	369, 368
Lower Radium Hill 3	335	367
Peanut 1-23	335	299-321
Radium Hill 1-38	335	438-475
Radium Hill 49	335	481
Rimer 1, 3, 4, 5	483	487-491
Rimer 11, 30	483	495-497
Sage 16-18	335	42-44
Sage 20-22	335	46-48
Sage 29-56	335	55-82
Steer 1-19	335	120-138

San Miguel County

Claim Name	Location Notice	
	Book	Page
Radium Hill 1,* 2*	296	373
Radium Hill 37,* 38*	296	375, 377
Radium Hill 39, 40	296	381, 383
Radium Hill 41	174	531

* Claims located in both Montrose and San Miguel Counties.

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Modification No. 1
Appendix "A"
Part 1
Subpart A, continued

(28) Rimer Lease (continued)

San Miguel County

Claim Name	Location Notice	
	Book	Page
Radium Hill 2 $\frac{1}{2}$	296	153
Radium Hill 42	296	385
Radium Hill 43-48	174	531-534
Radium Hill 49*	174	534
Radium Hill 50-54	174	535-537
Rimer 41, 47, 47 $\frac{1}{2}$	296	141-145
Rimer 48, 52, 54	296	147-151
Tee 1-3	280	259-263

* Claims located in both Montrose and San Miguel Counties.

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Appendix "A"
Part 1
Subpart A, continued

(29) Roc Creek Group

Located within Sections 5-8, T48N, R18W; and Sections 1 and 12, T48N, R19W, NMPM, Montrose County, Colorado, consisting of patented mining claims as follows:

Claim Name	M. S. No.
American Eagle	19851-A
Big Chief	20019
Big Chief 2	20019
Excelsior	19851-A
Ocean Spray	19851-A
Rajah	19851-A
Rajah Mill Site	19851-B
Retribution	19852

(30) Saucer Basin Group

Located within Sections 13 and 24, T47N, R18W; and Sections 18 and 19, T47N, R17W, NMPM, Montrose County, Colorado, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Cactus	296	107
Fortuna	296	186
Nudo	296	189
Sesmo	296	191

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Appendix "A"
Part 1
Subpart A, continued

(31) Spud Patch Group

Located within Sections 28, 29, 30, 32, and 33, T43N, R18W, NMPM,
San Miguel County, Colorado, consisting of unpatented mining claims
as follows:

Claim Name	Location Notice	
	Book	Page
Carlsbad	174	159
Champion	176	225
Frances	174	216
Hobbs	174	58
Jupiter	174	167
Mardi	174	26
Marne	174	124
Marne 2-4	174	125-126
Mars	174	167
May Day	174	38
Pay Streak 1, 2	174	259
Pay Streak 4	174	260
Pay Streak 6, 8	174	261, 262
Sarvis	174	123
Sarvis 2	174	124
Sarvis 3-8	204	14-16
Sunday	174	59
Venus	174	168

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Appendix "A"
Part 1
Subpart A, continued

(32) Taylor & Larsen Group

Located within Sections 31 and 32, T43N, R19W, NMPM, San Miguel
County, Colorado, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Beverly	174	111
Bull Moose	174	73
Bull Moose 1	175	147
Mavric	174	72
Maveric 1	175	161
Nigger Baby	174	110
Pine Bug	174	111
Spotted Fawn	174	110
Strawberry Roan	174	73

(33) Willoughby Johanson Lease

Located within Sections 18, 19, 20, and 29, T44N, R17W; Sections 3, 4,
9, 10, and 24, T44N, R18W; and Section 33, T45N, R18W, NMPM, San Miguel
County, Colorado, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Ame 1-14	235	90-103
Gladys	235	89
Ute 1-7	235	82-88

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Appendix "A"
Part 1
Subpart A, continued

(34) Wild Steer Group

Located within Sections 11, 12, 13, and 14, T46N, R18W, NMPM,
Montrose County, Colorado, consisting of unpatented mining claims
as follows:

Claim Name	Location Notice	
	Book	Page
Avalon	296	225
Bull Durham	296	226
Camel	296	227
Chesterfield	296	228
Jopete	201	567
Little Alice	201	569
Old Gold	296	229
Pall Mall	296	230
Phillip Morris	296	231
Twenty Grand	296	232
Vaden View	201	570
Wangdoodle	201	568
Wings	296	241

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Appendix "A"
Part 1
Subpart A, continued

(35) Yellow Bird Group

Located within Sections 13, 14, 15, 22, and 23, T47N, R20W, NMPM,
Montrose County, Colorado; Sections 4 and 5, T29S, R26E, S1M; and
Section 33, T28S, R26E, S1M, San Juan County, Utah.

Montrose County, Colorado

Claim Name	Location Notice	
	Book	Page
Beaver*	349	43
Black Widow	349	44
Butterfly	201	341
Curiosity*	349	42
Diamond Back	296	202
El Capitan	296	203
Eva	201	340
Eva 1	343	263
Gila Monster	296	205
Gypsy Princess*	349	42
Hoo 11**	349	183
Marten*	349	45
Maud	201	342
Maud II, III	201	343, 511
Musk Ox*	349	46
Not Much	349	183
Prayer 1-13	343	451-464
Precosity 2*	511	51
Reindeer*	349	47
Rio	296	204
Scorpion	349	48
Tarantula	349	49
Three Jacks	201	339

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Appendix "A"
Part 1
Subpart A, continued

(35) Yellow Bird Group (continued)

Montrose County, Colorado

Claim Name	Location Notice	
	Book	Page
Wat 15, 16	349	184, 185
Wolverine*	349	50

San Juan County, Utah

Arab	R-1	310
Arab 1	R-4	25
Beaver*	R-1	306
Caribou	R-1	308-309
Curiosity*	R-1	310-311
Gypsy Princess*	R-1	309-310
Marten*	R-1	308
Mocasin	R-1	309
Musk Ox*		
Precosity	R-1	311
Precosity 1, 2*	R-4	25, 23
Reindeer*	R-1	307
Wilson		
Wolverine		

* Claims located in both Montrose County, Colorado and San Juan County, Utah.

** Only portion of Hoo 11 relinquished to Vanadium Corporation of America by Agreement and Deed dated March 1, 1960, recorded in Book 498, Page 152.

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Appendix "A"
Part 1
Subpart A, continued

(36) Union Carbide Lease

Located within Section 7, T45N, R17W, NMPM, and Section 16, T47N, R17W, NMPM, Montrose County, Colorado, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Old Grandad 2	201	406
Corporation 1*	343	76

* Only the portion of the Corporation 1 leased to Vanadium Corporation of America by lease dated April 1, 1960, recorded in Book 498, Page 135.

(37) C. E. Cloud Lease

Located within Sections 12 and 13, T42N, R18W; and Sections 7 and 18, T42N, R17W, NMPM, San Miguel County, Colorado, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Dickie 1-12	278	324-335
Red Bed 1-8	175	254-259

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Appendix "A"
Part 1
Subpart A, continued

(38) Hess Exploration Co.

Located within Sections 28 and 29, T28S, R26E, SIM, San Juan
County, Utah, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Hideout 1, 2	138	215
Hideout 3, 4	138	216
Hideout 5, 6	138	217
Hideout 7, 8	138	218

(39) Lawrence Migliaccio Lease

Located within Sections 14, 15, 22, 23, and 26, T43N, R18W, NMPM,
San Miguel County, Colorado, consisting of unpatented mining claims
as follows:

Claim Name	Location Notice	
	Book	Page
Sarah M.	119	239
Mystery	174	244
Muleshoe 1-6	278	458
Sarah Ellen	119	399
Sarah Ellen 2	216	91
Clover Patch	174	253
Clover Patch 1	278	452
Clover Patch 2	216	91

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Appendix "A"
Part 1
Subpart A, continued

(40) Calamity Creek Group

Located within Sections 14, 15, 22, and 23, T50N, R18W, NMPM, Mesa County, Colorado, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Little Girl	554	497
Little Girl 2, 3	605	84, 87
Pretty Boy 1-6	554	498-503
Cottonwood 1-6	554	504-509

(41) Marvel Mining Company Lease (Slick Rock)

Located within Sections 5 and 6, T42N, R17W; Section 1, T42N, R18W; Section 36, T43N, R18W; and Section 31, T43N, R17W, NMPM, San Miguel County, Colorado, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Bullfrog	119	204
Horseshoe 1-7	119	229-232
M & E 2	175	141
M & E 3-5	175	42
M & E 13	226	169
M & E 24-26	226	171-173
Mohawk	119	283
Redtop	119	283
Uncle Sammy	119	283

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Appendix "A"
Part 1
Subpart A, continued

(42) Dulaney Mining Company

Located within sections 4, 5, 8, and 9, Township 43 North, Range 19 West; Sections 23 and 24, Township 44 North, Range 17 West; and Sections 28-33, Township 44 North, Range 19 West, NMPM, San Miguel County, Colorado, consisting of unpatented mining claims and patented fee land as follows:

Claim Name	Location Notice	
	Book	Page
Radium 1-7	119	484-487
Radium 8-14	174	274-277
Radium 15	122	393
Radium 16-33	174	425-433
Bean 1-6	216	67-69
Bean 7-13	216	77, 79-80
Black Bird	119	43
Captain	119	44
Dave 1-3	216	140
Fraction	255	830
Hector	176	496
Jackie L.	216	160
Lee C	216	67
Lone Star	174	28
San Miguel	174	434
Silhouette	228	224
Sunrise	226	52
Sunrise 1, 2	226	53, 54
Sunrise 3-5	226	317-319
Yellow Bird	119	108
Apex 1-6	119	434-437
Apex 7-18	119	447-443
Apex 19-28	174	414-419

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 Appendix "A"
 Part 1
 Subpart A, continued

(42) Dulaney Mining Company (continued)

Claim Name	Location Notice	
	Book	Page
Buckhorn	174	134
Chance	174	133
Cone 1	174	412
Cone 2-6	119	332-334
Flat 1-4	216	81
Johnstown	119	241
Johnstown 1-3	119	153-154
Kristine K.	175	135
Mildred F.	175	136
La Salle 1-2	119	107
Summit 1-9	119	430-436
Summit 10-20	174	419-424
Cone 10, 11	273	386-387
Cone 14	273	390
Bean 14-17	296	63-70
North Slope 1-3	296	35-40
North Slope 4	296	61-62
Early Morn	174	95
Early Morn 2, 3	174	96
Early Morn 4, 5	175	10
Early Morn 6, 7	175	122
Early Morn 8	216	112

Patented Fee Land

Bean Patch: $E\frac{1}{2}SW\frac{1}{4}$ and $SE\frac{1}{4}$ Section 5, Township 43 North, Range 19 West,
 NMPM;
 $W\frac{1}{2}NE\frac{1}{4}$ Section 8, Township 43 North, Range 19 West, NMPM.

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Appendix "A"
Part 1
Subpart A, continued

(43) Miscellaneous

- (a) Residues and tailings from current and prior operations by the Contractor.
- (b) Mineral rights in fee lands in the Placerville area of San Miguel County, Colorado, consisting of 4,028.63 acres, more or less, described as follows:

T43N, R10W, NMPM

- Sec. 18: $SE\frac{1}{4} SE\frac{1}{4}$
- Sec. 19: $E\frac{1}{2}, SE\frac{1}{4} NW\frac{1}{4}, NE\frac{1}{4} SW\frac{1}{4}$
- Sec. 20: $SW\frac{1}{4}, S\frac{1}{2} NW\frac{1}{4}, NW\frac{1}{4} NW\frac{1}{4}, SW\frac{1}{4} SE\frac{1}{4}$
- Sec. 21: $S\frac{1}{2} SE\frac{1}{4}$
- Sec. 29: $NW\frac{1}{4}, W\frac{1}{2} NE\frac{1}{4}, SE\frac{1}{4} NE\frac{1}{4}, N\frac{1}{2} SW\frac{1}{4}, SE\frac{1}{4} SW\frac{1}{4}, W\frac{1}{2} SE\frac{1}{4}, SE\frac{1}{4} SE\frac{1}{4}$
- Sec. 30: $N\frac{1}{2} NE\frac{1}{4}$
- Sec. 32: $N\frac{1}{2} NE\frac{1}{4}, SE\frac{1}{4} SW\frac{1}{4}$

T42N, R10W, NMPM

- Sec. 3: $SW\frac{1}{4}, SW\frac{1}{4} NW\frac{1}{4}, W\frac{1}{2} SE\frac{1}{4}$ (less 10.7 acres), $SE\frac{1}{4} SE\frac{1}{4}$
- Sec. 4: $S\frac{1}{2} S\frac{1}{2}$
- Sec. 5: $NW\frac{1}{4} NE\frac{1}{4}, N\frac{1}{2} NW\frac{1}{4}, N\frac{1}{2} SE\frac{1}{4}, SW\frac{1}{4} SE\frac{1}{4}$
- Sec. 8: $NW\frac{1}{4} NE\frac{1}{4}, S\frac{1}{2} NE\frac{1}{4}, SE\frac{1}{4}$
- Sec. 9: $NE\frac{1}{4}, NW\frac{1}{4} SE\frac{1}{4}, NE\frac{1}{4} SW\frac{1}{4}, W\frac{1}{2} SW\frac{1}{4}, SW\frac{1}{4} NW\frac{1}{4}, E\frac{1}{2} NW\frac{1}{4}$ (less 1.45 acres)
- Sec. 10: $N\frac{1}{2}, SE\frac{1}{4}, N\frac{1}{2} SW\frac{1}{4}, SW\frac{1}{4} SW\frac{1}{4}$
- Sec. 11: $SW\frac{1}{4} NW\frac{1}{4}, W\frac{1}{2} SW\frac{1}{4}, SE\frac{1}{4} SW\frac{1}{4}, SW\frac{1}{4} SE\frac{1}{4}$
- Sec. 14: $E\frac{1}{2} NW\frac{1}{4}, NW\frac{1}{4} NE\frac{1}{4}$
- Sec. 15: $E\frac{1}{2} NW\frac{1}{4}, NW\frac{1}{4} NW\frac{1}{4}$

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Appendix "A"
Part 1, continued

Subpart B, effective as of March 1, 1963.

(1) Navajo Indian Reservation Leases and Permits

Lands in Apache County, Arizona, identified as Navajo Tribal Leases and Permits as follows:

Lease No. 1-149-IND-8666 - Dan Phillips
Lease No. 1-149-IND-8667 - Koley Black
Lease No. 14-20-0603-6678 - David Phillips
Lease No. 14-20-0603-6514 - Dan Phillips Estate
Lease No. 14-20-0603-6476 - Henry Phillips
Lease No. 14-20-0603-6475 - Tom Joe
Lease No. 14-20-0603-8700 - George R. Simpson
Lease No. 14-20-0603-8482 - Tom Joe
Mining Permit No. 598 - Peter Fred Yazzie
Mining Permit No. 551 - Tommy James
Mining Permit No. 561 - Edward McCabe
Mining Permit No. 589 - Koley Black
Mining Permit No. 591 - George Simpson
Mining Permit No. 567 - Mike Brodie (Block K)
Mining Permit No. 574 - John Lee Benally
Mining Permit No. 588 - Hoskie Henry

(2) Red Rock Group

Located within Section 34, T30S, R25E; and Sections 3, 4, and 5, T31S, R25E, S1M, San Juan County, Utah, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Red Rock	19	107
Red Rock 1	19	107
Red Rock 2, 3	19	108
Red Rock 4, 5	19	109
Red Rock 6, 7	39	426

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Appendix "A"
Part 1

Subpart B, continued

(3) Velvet Group

Located within Sections 3 and 4, T31S, R25E; and Section 34, T31S, R25E, S1M, San Juan County, Utah, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Velvet 1-24	136	152-153
Velvet 25-34	138	361-365
Royal Flush 1-4	136	150-151

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Appendix "A"
Part 1, continued

Subpart C

(1) William G. Waldeck Lease

Located within Sections 1, 11, 12, and 13, T48N, R18W, NMPM,
Montrose County, Colorado, consisting of unpatented mining
claims as follows:

Claim Name	Location Notice	
	Book	Page
Renegade 1-8	399	95-102
Pablo 1, 2*	399	103-107

*Only the north 1400 feet of the Pablo 1 and 2, as
specified in Quit Claim Deeds dated August 30, 1958,
recorded in Book 489, Pages 201-206.

(2) Garbutt Group

Located within Sections 3 and 4, T37S, R21E, SIM, San Juan County,
Utah, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Cottonwood 2, 3	R-1	263

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Appendix "A"
Part 1

Subpart C, continued

(3) Henry Mountains Group

Located within Sections 5, 6, 7, and 17, T33S, R12E; Sections 18, 19, 30, and 31, T32S, R12E, SIM; Sections 13, 24, 25, and 36, T32S, R11E; and Section 1, T33S, R11E, SIM, Garfield County, Utah, consisting of unpatented mining claims as follows:

Claim Name	Location Notice	
	Book	Page
Blitz 1-7	9	428-431
Blitz 8	33	157
Blitz 9	35	53
Blitz 10, 11	33	158, 159
Cabin	75	348
Goldenrod	11	231
June Bell 1-4	9	288-289
June Bell 5-6	14	533-534
June Bell 7-8	33	160-161
Straight Creek	9	428
Trackyte 1-20	9	189-198
Trackyte 21-22	33	162-163
Trackyte 23	36	395
Trackyte 30-34	33	164-168
Trackyte Camp	87	177

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Contract No. AT(05-1)-900
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Appendix "A", continued

Part 2

The properties which may be added to this part are those from which uranium ores may be or are to be purchased or acquired by the Contractor pursuant to the provisions of paragraphs 1 and 2 of Article VI of this contract, and as to any such property, the maximum quantity of such ore exceeds twenty thousand (20,000) pounds of contained U_3O_8 per fiscal year (prorated for portions of a fiscal year).

Contract No. AT(05-1)-900
Modification No. 1
Appendix "A", continued

Part 3

The properties which may be added to this part are those from which uranium ores may be or are to be purchased or acquired by the Contractor pursuant to the provisions of paragraphs 1 and 2 of Article VI of this contract, and as to any such property (except any such property which is added to Part 4 of this Appendix "A") the maximum quantity of such ore is equal to or less than twenty thousand (20,000) pounds of contained U_3O_8 per fiscal year (pro-rated for portions of a fiscal year).

Contract No. AT(05-1)-900
Modification No. 1
Appendix "A", continued

Part 4

The properties which may be added to this part are those from which uranium ores may be or are to be purchased by the Contractor pursuant to the provisions of paragraphs 1 and 2 of Article VI of this contract, and as to any such property, the maximum quantity of such ore is equal to twenty thousand (20,000) pounds of contained U_3O_8 per fiscal year (prorated for portions of a fiscal year).

Contract No. AT(05-1)-900
Modification No. 1
Appendix "A", continued

Part 5

The properties which may be added to this part are those controlled by independent uranium ore producers who may be participating in the Commission's uranium procurement program under paragraph 5 of the Commission's Notice of Domestic Uranium Procurement Program from January 1, 1967 through December 31, 1970 (27 F.R. 11435), and from which uranium ores may be purchased or acquired by the Contractor pursuant to written agreements provided for in paragraph 3 of Article VI of this contract.

Contract No. AT(05-1)-900
Modification No. 1
Appendix "A", continued

Part 6

The properties which may be added to this part are those to which reference is made in paragraph 13 of the Commission's Notice of Domestic Uranium Procurement Program from January 1, 1967 through December 31, 1970 (27 F.R. 11435), and from which uranium ores may be purchased or acquired by the Contractor pursuant to the provisions of paragraph 4 of Article VI of this contract.

Contract No. AT(05-1)-900
Modification No. 1
Appendix "A", continued

Part 7

The ore producers whose names may be added to this part are those who may be participating in the Commission's uranium procurement program under paragraph 5 of the Commission's Notice of Domestic Uranium Procurement Program from January 1, 1967 through December 31, 1970 (27 F.R. 11435), and from whom uranium ores may be purchased or acquired by the Contractor pursuant to written agreements provided for in paragraph 5 of Article VI of this contract.

APPENDIX "B"

When uranium concentrate which fails to meet the specifications as set forth in this contract is accepted by the Commission under the provisions of paragraph 3 of Article III of this contract, the price payable for each such lot of concentrate as computed in accordance with the provisions of this contract shall be reduced in accordance with the schedules set forth below. Fractional parts of a pound shall be computed to the nearest one-hundredth of one pound.

Uranium Oxide (U_3O_8)

Concentrate lots containing less than seventy-five percent (75.00%) U_3O_8 but not less than fifty percent (50.00%) U_3O_8 shall be reduced in price by an amount for each pound of contained U_3O_8 as follows:

<u>U_3O_8 Content of Uranium Concentrate</u>	<u>Reduction per Pound Contained U_3O_8</u>	<u>U_3O_8 Content of Uranium Concentrate</u>	<u>Reduction Per Pound Contained U_3O_8</u>
74-74.999%	\$0.004	61-61.999%	\$0.056
73-73.999%	0.008	60-60.999%	0.060
72-72.999%	0.012	59-59.999%	0.070
71-71.999%	0.016	58-58.999%	0.080
70-70.999%	0.020	57-57.999%	0.090
69-69.999%	0.024	56-56.999%	0.100
68-68.999%	0.028	55-55.999%	0.110
67-67.999%	0.032	54-54.999%	0.120
66-66.999%	0.036	53-53.999%	0.130
65-65.999%	0.040	52-52.999%	0.140
64-64.999%	0.044	51-51.999%	0.150
63-63.999%	0.048	50-50.999%	0.160
62-62.999%	0.052		

Concentrate lots containing less than fifty percent (50.00%) U_3O_8 may be accepted by the Commission upon agreement by the Commission and the Contractor as to an appropriate reduction in the price to be paid for such concentrate lots.

Vanadium Oxide (V_2O_5)

Concentrate lots containing a total number of pounds of vanadium oxide (V_2O_5) in excess of 2.00% of the total number of pounds of contained U_3O_8 shall be reduced in price by an amount equal to seventy-five cents (\$0.75) for each pound of contained excessive V_2O_5 plus an additional twenty-five cents (\$0.25) for each pound of contained V_2O_5 in excess of 5.00% of the number of pounds of contained U_3O_8 .

Appendix "B" continued

Phosphate (PO₄)

Concentrate lots containing a total number of pounds of phosphate (PO₄) in excess of 4.00% of the total number of pounds of contained U₃O₈ shall be reduced in price by an amount equal to fifty cents (\$0.50) for each pound of contained excessive phosphate, plus an additional Three Dollars (\$3.00) for each pound of contained phosphate in excess of 6.00% of the number of pounds of contained U₃O₈.

Molybdenum (Mo)

Concentrate lots containing a total number of pounds of molybdenum (Mo) in excess of 0.60% of the total number of pounds of contained U₃O₈ shall be reduced in price by an amount equal to One Dollar (\$1.00) for each pound of contained excessive molybdenum plus an additional Three Dollars (\$3.00) for each pound of contained molybdenum in excess of 2.40% of the number of pounds of contained U₃O₈.

Boron (B)

Concentrate lots containing a total number of pounds of boron in excess of 0.20% of the total number of pounds of contained U₃O₈ shall be reduced in price by an amount equal to Ten Dollars (\$10.00) for each pound of contained excessive boron.

Halogens (Chlorine, Cl; Bromine, Br; and Iodine, I)

Concentrate lots containing a total number of pounds of combined halogens, expressed as Cl, in excess of 0.30% of the total number of pounds of contained U₃O₈ shall be reduced in price by an amount equal to the sum of four cents (\$0.04) plus one mill (\$0.001) for each 0.01% in excess of the first 0.30%, times the number of pounds of contained U₃O₈.

Fluorine (F)

Concentrate lots containing a total number of pounds of fluorine (F) in excess of 0.10% of the total number of pounds of contained U₃O₈ shall be reduced in price by an amount equal to Twenty-five Dollars (\$25.00) per dry short ton of concentrate, plus Fourteen Dollars and fifty cents (\$14.50) for each pound of contained excessive fluorine.

Appendix "B" continued

Arsenic (As)

Concentrate lots containing a total number of pounds of arsenic (As) in excess of 2.00% of the total number of pounds of contained U_3O_8 shall be reduced in price by an amount equal to Five Dollars (\$5.00) per dry short ton of concentrate, plus twenty-five cents (\$0.25) for each pound of contained excessive arsenic.

Carbonate (CO_3)

Concentrate lots containing a total number of pounds of carbonate (CO_3) in excess of 4.00% of the total number of pounds of contained U_3O_8 shall be reduced in price by an amount equal to Forty Dollars (\$40.00) per dry short ton of concentrate.

Sulfate (SO_4)

Concentrate lots containing a total number of pounds of sulfate (SO_4) (including total sulfur expressed as sulfate (SO_4)) in excess of 10.00% of the total number of pounds of contained U_3O_8 shall be reduced in price by an amount equal to seven and one-half cents (\$0.075) for each pound of sulfate (SO_4) contained in such lot of concentrate.

Calcium (Ca)

Concentrate lots containing a total number of pounds of calcium (Ca) in excess of 1.50% of the total number of pounds of contained U_3O_8 shall be reduced in price by an amount equal to Two Dollars and fifty cents (\$2.50) for each pound of contained excessive calcium.

Nitric Acid Insoluble U_3O_8

Concentrate lots containing a total number of pounds of U_3O_8 insoluble in nitric acid in excess of 0.10% of the total number of pounds of contained U_3O_8 shall be paid for on the basis of the nitric acid soluble U_3O_8 content.

Thorium (Th)

Concentrate lots containing a total number of pounds of thorium (Th) in excess of 2.00% of the total number of pounds of contained U_3O_8 shall be reduced in price by an amount equal to Two Dollars (\$2.00) for each pound of contained excessive thorium.

Zirconium (Zr)

Concentrate lots containing a total number of pounds of zirconium (Zr) in excess of 2.00% of the total number of pounds of contained U_3O_8 shall be reduced in price by an amount equal to Two Dollars (\$2.00) for each pound of contained excessive zirconium.

Appendix "B" continued

Rare Earths -- Samarium (Sm), Europium (Eu), Gadolinium (Gd), Dysprosium (Dy)

Concentrate lots containing one or more of the following elements, samarium (Sm), europium (Eu), gadolinium (Gd), or dysprosium (Dy), individually in excess of 0.015% of the total number of pounds of contained U_3O_8 , but not in excess of 0.050% of the total number of pounds of contained U_3O_8 , shall be reduced in price by an amount equal to the product of two cents (\$0.02) times the number of pounds of contained U_3O_8 .

Concentrate lots containing one or more of the following elements, samarium (Sm), europium (Eu), gadolinium (Gd), or dysprosium (Dy), individually in excess of 0.050% of the total number of pounds of contained U_3O_8 shall be reduced in price by an amount equal to the product of ten cents (\$0.10) times the number of pounds of contained U_3O_8 .

Organics

Concentrate lots containing organic material in excess of 0.10% shall be reduced in price by an amount equal to Forty Dollars (\$40.00) per dry short ton of concentrate.

Moisture

Concentrate lots containing moisture in excess of 10.00% but less than 15.00% on an "as received" basis shall be reduced in price by an amount equal to ten cents (\$0.10) for each pound of contained excessive moisture, provided, however, that if the concentrate is not "free flowing," as determined by the Commission, or if the moisture is in excess of 15.00% on an "as received" basis, the lots shall be reduced in price by an amount equal to One Dollar (\$1.00) for each pound of moisture in excess of 10.00% on an "as received" basis.

Screen Size

Concentrate lots which the Commission determines to contain an excessive amount of plus quarter-inch particles may be rejected and all particles in the lot must be reduced by the Contractor to pass a quarter-inch screen before the lot will be accepted by the Commission.

Amenability

Concentrate lots which the Commission determines to be non-amenable to refining by solvent extraction in accordance with provisions of subparagraph s. of paragraph 3 of Article XXII of this contract shall be reduced in price by an amount equal to Forty Dollars (\$40.00) per dry short ton of concentrate.

Rejection

Compensation in the amount of Fifty Dollars (\$50.00) for each lot rejected shall be made to the Commission by the Contractor.

APPENDIX "C"

The Contractor shall package uranium concentrate delivered under this contract in the following manner:

1. Concentrate shall be packaged in fifty-five gallon steel (18 gauge minimum) full open head drums equipped with (a) bolt locking ring closures of proper size to hold the tops of drums securely, (b) rubber gaskets to prevent spillage of concentrate while in transit, and (c) bolts of a slotted head type, preferably a round head (not counter sunk) stove bolt, of from 5/16 to 3/8 inch diameter by 4 inches long.
2. All drums shall be 34½ inches high and 22½ inches in diameter, plus or minus one-half inch.
3. The outside of all drums shall be covered with paint (applied to a clean, chemically treated surface), in sufficient density to give a complete and opaque coverage.
4. Concentrate in any individual container shall not exceed one thousand (1,000) pounds.
5. Empty drums must be properly weighed and the weight of each such drum marked thereon in the presence of the Commission's representative, unless otherwise waived in writing by the Commission.
6. The inside of the drum must be clean and free of foreign matter at time of packaging.
7. The outside of the drum must be clean.
8. Each drum shall be stenciled or otherwise marked with paint in a legible manner on both the top and side with the contract number, lot number, drum number, and tare weight.
9. Bungholes in the drums and heads must be permanently sealed and water-tight.
10. The Commission reserves the right to refuse to accept any lot of uranium concentrate not packaged in accordance with the foregoing conditions and requirements, until such time as the Contractor meets such conditions and requirements.

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APPENDIX "D"

Cost Principles and Formula Price Computations

Introduction

1. The unit price specified in paragraph 2 of Article V of this contract per pound of contained U_3O_8 delivered to the Commission by the Contractor pursuant to the provisions of subparagraph l.c.(i) of Article I of this contract shall be determined by the application of a formula computation, as hereinafter provided for, to the average allowable production costs, as hereinafter defined, incurred during the period of this contract from January 1, 1963 through December 31, 1968.
2. The application of the formula computation to the average allowable production costs shall be made in accordance with the procedures set forth in Part V of this Appendix "D".
3. For the purposes of this contract the term "allowable production costs" as used herein shall consist of the following costs: allowable milling costs, allowable mining costs, allowable haulage costs of ore, allowable upgrading costs, allowable concentrating costs, and allowable upflow batch leach costs, as all such costs are hereinafter defined. Such allowable costs are hereinafter referred to in total as allowable production costs.
4. Allowable milling costs (as adjusted for the change in the in-process inventory milling costs) shall consist of costs properly allocable in accordance with provisions hereinafter set forth in this Appendix "D" for the processing of all uranium ore in the Contractor's uranium ore processing plant located in the vicinity of Durango, Colorado (which plant is hereinafter referred to as the "Durango plant") during the period from January 1, 1963 through December 31, 1968, and in the Contractor's uranium ore processing plant located in the vicinity of Shiprock, New Mexico (which plant is hereinafter referred to as the "Shiprock plant") during the period from March 1, 1963 through December 31, 1968, to produce uranium concentrate. Such allowable milling costs shall commence upon the delivery of the uranium ore to either the Durango plant or the Shiprock plant. Subject to the provisions of item L of Part I of this Appendix "D", allowable milling costs shall also include the Contractor's transportation costs for deliveries of

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U₃O₈ in concentrate. For purposes of this Appendix "D", milling costs shall not include the cost of uranium ore purchased or acquired by the Contractor. For purposes of this Appendix "D", the term "raw ore" or "raw uranium ore" applies only to ore which has never been processed or partially processed and shall not include any of the following:

- a. Upgraded or concentrator product.
- b. Tailings.
- c. Cleanup material.
- d. Upflow batch leach product.
- e. Boiler residue.
- f. Homestake-Sapin vanadium liquor.

Milling costs for uranium and vanadium shall be accumulated in the Shiprock plant through the maintenance of the following cost departments:

- a. Receiving, sampling, mill feed stockpiling, and crushing - identified on Contractor accounting records as account #CC1-A1.
- b. Grinding costs - identified on Contractor accounting records as account #CC2-A2.
- c. Leaching and washing costs - identified on Contractor accounting records as account #CC3-A3.
- d. SO₂ reduction costs - identified on Contractor accounting records as account #CC4-B.
- e. U₃O₈ solvent extraction costs - identified on Contractor accounting records as account #CC5-C.
- f. U₃O₈ precipitation, filtering, drying and packaging costs - identified on Contractor accounting records as account #CC6-C.
- g. U₃O₈ transportation costs - identified on Contractor accounting records as account #CC7-C.
- h. V₂O₅ solvent extraction costs - identified on Contractor accounting records as account #CC8-D.
- i. V₂O₅ precipitation, filtering, drying, fusing, and packaging costs - identified on Contractor accounting records as account #CC9-E.

- j. Vanadium concentrate transportation costs (including transportation costs for (i) shipments from the Contractor's plant directly to customers, (ii) shipments from the Contractor's plant to the Contractor's ferro alloy facilities, and (iii) shipments from the Contractor's ferro alloy facilities to customers if such shipments are in the form of vanadium product produced in the Contractor's plant) - identified on Contractor accounting records as account #CC10-E, provided that such transportation costs shall be recast in the same manner with the same conditions as provided for in item k. of this paragraph 4.
- k. Additional vanadium reprocessing costs (such as screening, drying, etc.) incurred at the Contractor's ferro alloy facilities for vanadium concentrate produced in the Contractor's plant and sold to customers; provided that it is agreed that such vanadium reprocessing costs shall be recast for purposes of this Appendix "D" on the following basis:

Step 1 - Determine all actual vanadium reprocessing costs for the period from January 1, 1963 through December 31, 1968 related to the pounds of V_2O_5 which are produced in the Contractor's plant and reprocessed in the Contractor's ferro alloy facilities for sale to third parties.

Step 2 - Divide the result obtained under Step 1, above, by the pounds of V_2O_5 related to such reprocessing costs.

Step 3 - Multiply the result obtained under Step 2, above, by the result obtained under Part V, Subpart A, Step 20 of this Appendix "D" and the result thus obtained shall equal the recast vanadium reprocessing costs to be used in Part V, Subpart B, Section 3, Substep 2a, of this Appendix "D".

It is further provided that the recasting of the vanadium reprocessing costs provided for above shall be made only so long as both of the following conditions are met:

- (1) The Contractor uses the average sales price for V_2O_5 sold to third parties during a calendar year as the value per pound of V_2O_5 , for purposes of calculating percentage depletion on its Federal income tax return for such calendar year under the Internal Revenue Code and regulations thereunder, for the pounds of V_2O_5 transferred to other divisions of the Contractor or to other companies related to or controlled by the Contractor.

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- (2) The Contractor uses such recast costs per pound of V₂O₅ in calculating the net valuation for purposes of applying the fifty percent (50%) limitation on the deduction for percentage depletion on its Federal income tax return.

l. Tailings costs - identified on Contractor accounting records as account #CC11-A4.

m. General mill costs.

The Contractor shall submit mill flow sheets which designate and delineate the above milling cost departments, except general mill costs and additional V₂O₅ reprocessing costs.

The allowable milling costs for the operation of the Durango plant for calendar year 1963 are to be included in a letter agreement (entitled "Determination of Allowable Production Costs - Calendar Year 1963") to be entered into by the parties hereto, subsequent to execution of Modification No. 1 to Contract AT(05-1)-900. The standby costs and cleanup costs for the Durango plant subsequent to December 31, 1963 and prior to January 1, 1969 are also to be included in allowable milling costs for the Durango plant. It is agreed that if the Contractor should reactivate the Durango plant for the production of uranium concentrate subsequent to December 31, 1963 and prior to January 1, 1969, the procedures herein specified for the determination of allowable production costs shall be modified accordingly.

5. Allowable mining costs (including amounts paid to contract miners by the Contractor) shall consist of costs properly allocable in accordance with provisions hereinafter set forth in this Appendix "D" for the development and extraction of raw uranium ore, during the period from January 1, 1963 through December 31, 1968 from lands described in Subpart A and Subpart B of Part 1 of Appendix "A" of this contract; except that (i) such costs shall not commence until March 1, 1963 with respect to Mining Units Nos. 45, 69, 70, 71, 72, 73, 74, 75, 76, and 77 and (ii) such costs shall not include any costs for ore derived from Mining Unit No. 66.
6. It is understood and agreed that Dulaney Mining Company (hereinafter called "Dulaney") and the Contractor will participate in the actual mining of ores from lands described in Subpart A and Subpart B of Part 1 of Appendix "A". The mining costs for such ore shall be the costs (which

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are allowable in accordance with this contract) incurred by Dulaney (including amounts paid to contract miners by Dulaney) and the Contractor for the mining of such ore during the period from January 1, 1963 through December 31, 1968; except that mining costs for Mining Units No. 45, 69, 70, 71, 72, 73, 74, 75, 76, and 77 shall not commence until March 1, 1963.

The Commission agrees to furnish the Contractor with an appendix (to be agreed upon by the parties hereto prior to or upon execution of Modification No. 1 to this contract) which the Contractor shall for the express benefit of the Commission either (i) insert in the contractual agreements between the Contractor and Dulaney or (ii) incorporate into a supplemental agreement between the Contractor and Dulaney. Such appendix may provide, among other things, the following:

- a. List of allowable and unallowable costs.
- b. Criteria and procedures for determining applicable costs, production quantities, and uranium ore reserves.
- c. Right of Commission access to such entities' accounting records, mine workings, and data used on calculating uranium ore reserves.
- d. Reporting requirements and requirement for annual audits by independent certified public accountants or independent licensed public accountants, certified or licensed by a regulatory authority of a state or other political subdivision of the United States.

The costs determined in accordance with such appendix shall be the mining costs to be included in this Appendix "D" with respect to Dulaney.

7. Allowable haulage costs of raw ore shall consist of costs properly allocable in accordance with provisions hereinafter set forth in this Appendix "D" for raw ore transported to (i) the Durango plant, (ii) the Shiprock plant, or (iii) the Contractor's chemical concentrator in the vicinity of Naturita, Colorado (which concentrator is hereinafter referred to as the "Naturita concentrator") during the period from January 1, 1963 through December 31, 1968, which raw ore is produced at any time from the lands described in Subpart A and

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Subpart B of Part 1 of Appendix "A" of this contract; except that such haulage costs shall not include the cost of hauling such ore to the Shiprock plant during the period from January 1, 1963 through February 28, 1963.

The haulage costs for ores which are mined by Dulaney (or Dulaney's contract miners) and derived from lands described in Part 1 of Appendix "A" shall be computed and compiled in accordance with the same criteria and procedures specified for determining the mining costs for Dulaney as hereinbefore set forth in paragraph 6 of this Introduction.

8. For purposes of this Appendix "D", allowable upgrading costs and allowable upflow batch leach costs shall be combined and such combined costs shall consist of costs properly allocable in accordance with provisions hereinafter set forth in this Appendix "D" for the following functions:
 - a. (i) The upgrading of ore or material other than uranium material derived from Mining Unit No. 66 in the Monument Valley upgrader or (ii) the concentrating of ore or material other than uranium material derived from Mining Unit No. 66 in the upflow batch leach plant.
 - b. In lieu of (i) royalties, (ii) exploration costs, (iii) surface drilling costs, and (iv) costs incurred for acquisition of royalties, mining rights, mining leases, and/or mining claims or any amortization or depletion thereof for any of the items specified in (i), (ii), (iii), or (iv) of this paragraph (regardless of when such costs are incurred), there shall be included in allowable upgrading costs and allowable upflow batch leach costs, sixty-four cents (\$0.64) for each pound of U_3O_8 in (i) upgraded product or upflow batch leach product derived, during the period from January 1, 1963 through December 31, 1968, from ore produced from Mining Unit No. 66 and (ii) raw ore (produced from Mining Unit No. 66 during the period from January 1, 1963 through December 31, 1968) shipped directly to either the Durango plant or the Shiprock plant for processing. For purposes of this contract the sixty-four cents (\$0.64) per pound of U_3O_8 in upgraded product or upflow batch leach product shall also include the following types of costs or payments:
 - (1) Overriding royalties.
 - (2) Production payments.

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- (3) Lease rentals.
- (4) Bonus payments.
- (5) Net profits payments.
- (6) Carried interest payments.

All other costs or payments for items similar to the above (deferred or current) shall be unallowable production costs in consideration of the sixty-four cents (\$0.64) per pound of U_3O_8 in upgraded product, upflow batch leach product, or raw ore as hereinabove provided for.

- c. Transportation of upgraded product or upflow batch leach product to either the Durango plant or the Shiprock plant provided that such transportation costs shall be subject to the following provisions:
 - (1) Transportation costs for upgraded product in either (i) Contractor's inventory (not including in-process inventory) at the Monument Valley upgrader at December 31, 1962 or (ii) in transit to the Durango plant at December 31, 1962 shall be unallowable.
 - (2) Transportation costs for upflow batch leach product in either (i) Contractor's inventory (not including in-process inventory) at the upflow batch leach plant at December 31, 1968 or (ii) in transit to the Shiprock plant at December 31, 1968 shall be allowable production costs even though such costs are incurred after December 31, 1968.
 - d. Development and extraction of uranium ore from Mining Unit No. 66.
9. Allowable concentrating costs for the operation of the Naturita concentrator for calendar year 1963 are to be included in the hereinbefore referred to letter agreement entitled "Determination of Allowable Production Costs - Calendar Year 1963." The standby costs and cleanup costs for the Naturita concentrator subsequent to December 31, 1963 and prior to January 1, 1969 are also to be included in allowable concentrating costs.
10. It is agreed that all costs (which are otherwise allowable pursuant to this contract) applicable to the production of vanadium concentrate shall be initially included in allowable production costs; however, it is also agreed that all such costs applicable to the production of vanadium concentrate shall be subsequently excluded from the calculation of allowable uranium production costs pursuant

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to the provisions of Part V of this Appendix "D". It is also agreed that the cost of hauling cleanup material, tailings, etc. to the Shiprock plant is an unallowable cost.

11. Allowable production costs shall consist solely of the items of cost and expenses of the Contractor and Dulaney which are applicable and properly chargeable, either as directly incident to or as allocable through appropriate distribution or apportionment to the production of uranium concentrate under this contract in accordance with its terms and that are determined to be allowable pursuant to this Appendix "D".
12. The determination of the allowability of costs hereunder shall be based on (i) reasonableness including the exercise of prudent business judgment, (ii) consistent application of generally accepted accounting principles and practices that result in equitable charges to the production of uranium concentrate, and (iii) recognition of all exclusions and limitations set forth in this Appendix "D". Allowable production costs shall be reduced by all applicable income, rebates, allowances, refunds, discounts and other credits, (including any payments made by the Commission to the Contractor pursuant to Article XVII of this Contract) except that such income and other credits shall not include (i) sales of U_3O_8 in concentrate to the Commission; (ii) sales of by-products, co-products, and auxiliary products; (iii) sales of U_3O_8 in ore or in concentrate to purchasers other than the Commission; or (iv) rental income on cafeterias, dining rooms, canteens, employees' clubs, recreation facilities, and housing and camp facilities, since such rental income shall instead be used in determining the net cost of operating such facilities in accordance with item 7 of subpart G of Part I of this Appendix "D".
13. Failure to mention an item of cost specifically in this Appendix "D" shall not imply either that it is allowable or that it is unallowable. Any provision of this Appendix "D" may be modified at any time during the term of this contract by the mutual written agreement of the parties hereto without formal modification of this contract.
14. Should any mining property be added to this contract pursuant to the provisions of paragraph 3 of Article VI of this contract, the Contractor agrees to the insertion, as may be requested by the Commission, of an appropriate portion of the cost principles, in this Appendix "D", in any ore purchase agreement under which the Contractor purchases uranium ore from the controller of such mining

property, and to the addition of another division in Appendix "D" of this contract, which addition would set forth the procedures for determining the unit price provided for in paragraph 4 of Article V of this contract.

15. Reference to the Contractor's accounting record account numbers herein is to account numbers currently being used by the Contractor. The Contractor may make any changes in account numbers at any time without notification to the Commission. The Contractor shall maintain its accounting records in such a manner that the accounting classification information referred to herein will be readily identifiable. The term "accounting records" as used herein shall include the Contractor's accounting workpapers in addition to the formal accounting records.
16. The parties hereto have agreed in this Appendix "D" on the detailed procedures to be used in calculating the unit price specified in paragraph 2 of Article V of this contract, which procedures the parties consider to be accurate and equitable; however, because of the complex nature of such procedures, the parties hereto agree that if any errors are discovered in the procedures for arriving at such unit price, appropriate changes shall be made in such procedures without formal modification of this contract.

Part I - Examples of Elements of Allowable Production Costs

The following elements of cost shall be included in allowable production costs if such elements of cost are incurred in the functions of milling, mining, hauling, upgrading, concentrating, or upflow batch leaching of uranium ore as the cost of such functions are defined in this contract, or are properly allocable to such functions under this contract, except as such elements of cost are made unallowable by other provisions of this Appendix "D".

A. Bonds and insurance, provided that all receipts by the Contractor resulting from such insurance shall be credited to the applicable replacement (depreciable or amortizable asset) or production cost, provided that, should the Contractor elect not to replace the depreciable or amortizable asset, the insurance proceeds and the resulting gain or loss shall be accounted for in allowable production costs to the extent provided for under the involuntary conversion provisions of subparts E and/or F of Part III of this Appendix "D", as the case may be; and further provided that for purposes of this Appendix "D", allowance to the Contractor for self-insurance may be included in allowable production costs under the following circumstances:

1. Prior to the commencement of any calendar year during the period from January 1, 1963 through December 31, 1968, unless otherwise approved by the Contracting Officer, the Contractor shall submit a statement to the Commission setting forth the risks to be covered and the extent of such coverage for such self-insurance program;
2. The Contractor shall set forth the amounts to be allowed for the self-insurance program for the coverage provided for in No. 1, immediately above, and shall show to the satisfaction of the Commission that such amounts allowed for such self-insurance do not exceed the commercial insurance premium rates which would have been charged for such coverage; and
3. Losses which are covered by any self-insurance program will be treated in the same manner as losses covered by commercial insurance as hereinbefore provided for in this Subpart A.

B. Communication costs, including telephone services, local and long-distance calls, telegrams, cablegrams, radiograms, teletypes, radio systems, postage and similar items.

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- C. Consulting services (including legal, auditing, and accounting) and related expenses, including the cost incurred for auditing performed subsequent to December 31, 1968, in accordance with the requirements of Part IV of this Appendix "D".
- D. Litigation expenses, including reasonable counsel fees.
- E. Losses and expenses sustained by the Contractor in the performance of this contract.
- F. Materials, supplies, and equipment, including freight, transportation, material handling, inspection, storage, salvage, and other usual expenses incident to the procurement, use, and disposition thereof.
- G. Personnel costs and related expenses, such as:
 - 1. Salaries and wages; overtime, shift differential, holiday, and other premium pay for time worked; severance pay; non-work time including vacations, holidays, sick, funeral, military, jury, witness, and voting leave; salaries and wages to employees in their capacity as union stewards and committeemen for time spent in handling grievances, negotiating agreements with the Contractor, or serving on labor-management (Contractor) committees;
 - 2. Legally required contributions to old age and survivors' insurance, unemployment compensation plans and workmen's compensation plans (whether or not covered by insurance); voluntary or agreed upon plans providing benefits for retirement, separation, life insurance, hospitalization, medical-surgical, and unemployment (whether or not such plans are covered by insurance);
 - 3. Travel; incidental subsistence and other allowances of Contractor employees, in connection with performance of work under this contract (including new employees reporting for work and transfer of employees, the transfer of their household goods and effects, and the travel and subsistence of their dependents) in conformance with established company policy;
 - 4. Employee relations, welfare, morale, etc., programs, including incentive or suggestion awards, employee counseling services, health or first-aid clinics, recreational or social gatherings for on-site employees and their families, and house or employee publications;

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5. Personnel training including apprenticeship training programs designed to improve efficiency and productivity of contract operations, to develop needed skills, and to develop scientific and technical personnel in specialized fields required in this contract work;
 6. Recruitment of personnel (including help-wanted advertisement), including services of employment agencies at rates not in excess of standard commercial rates, employment office, travel of prospective employees at the request of the Contractor for employment interviews; and
 7. Net cost of operating cafeterias, dining rooms, canteens, employees' clubs, recreation facilities, and housing and camp facilities attributable to the performance of this contract.
- H. Rental costs (including sale and lease-back of facilities) of lands, buildings, equipment and other personal property; provided, that charges in the nature of rent between plants, divisions or organizations under common control, as determined by the Commission, are allowable to the extent such charges do not exceed the normal costs of ownership such as depreciation, taxes, insurance and maintenance; provided, that no part of such costs shall duplicate any other cost. Rental costs specified in sale and lease-back arrangements incurred by the Contractor through selling plant facilities or equipment to investment organizations such as insurance companies or to private investors and concurrently leasing back the facilities or equipment are allowable only to the extent that such rentals do not exceed the amount which would have been allowable had the Contractor retained title to the facilities or equipment.
- I. Repairs, maintenance, inspection, and disposal of property, and the restoration or clean-up of site and facilities.
- J. Subscriptions for trade, business, technical, and professional periodicals; memberships in and dues for such associations; and travel to and attendance at meetings and conferences of such associations.
- K. Taxes, fees, and charges levied by public agencies which the Contractor is required by law to pay as such requirements are determined solely by the Contractor; provided, that costs incurred by the Contractor such as the maintenance of roads or schools in remote areas shall be allowable costs even though the Contractor may not be required by law to pay such costs.

- L. Transportation costs for (i) shipments of uranium concentrate to the Commission under this contract and (ii) shipments of uranium concentrate for outside sales pursuant to Article I of this contract provided that both (i) and (ii) are subject to the following stipulations:
1. Transportation costs for uranium concentrate in Contractor's inventory on December 31, 1962, or in transit on December 31, 1962, shall be unallowable.
 2. Transportation costs for uranium concentrate in Contractor's inventory on December 31, 1968, or in transit on December 31, 1968, shall be allowable production costs even though such costs are incurred after December 31, 1968.
 3. For purposes of this contract, allowable production costs shall include the cost of transportation of uranium concentrate produced for outside sales pursuant to Article I of this contract in an amount per pound of uranium concentrate equal to the average transportation cost per pound of uranium concentrate shipped to the Commission during the fiscal year in which the uranium concentrate is produced for outside sales, and all actual costs of transportation of uranium concentrate produced for such outside sales shall be eliminated from allowable production costs.
- M. Utility services, including electricity, gas, water, steam, and sewerage.
- N. Other business expenses such as registry and transfer charges resulting from changes in ownership of securities issued by the Contractor, cost of shareholders' meetings, normal proxy solicitations, preparation and production of reports to shareholders, preparation and submission of required reports and forms to taxing and other regulatory bodies, and incidental costs of directors' and committee meetings.
- O. Standby costs.

Part II - Examples of Items of Unallowable Costs

The following are examples of items of cost which are unallowable under this contract to the extent indicated:

- A. Advertising, except (i) help-wanted advertising and (ii) advertising for procurement or disposition of supplies, services, raw materials, or equipment required for the performance of this contract.
- B. Bad debts (including expenses of collection) and provisions for bad debts not arising out of the performance of this contract.
- C. Bidding expenses and costs of proposals for sale of products, except for such expenses incurred in the submission of a proposal requested by the Commission for the procurement of domestic uranium concentrate.
- D. Bonuses and similar compensation under any other name which (i) are not pursuant to an agreement between the Contractor and employee prior to the rendering of the services or an established plan consistently followed by the Contractor, (ii) are in excess of those costs which are allowable by the Internal Revenue Code and regulations thereunder, or (iii) provide total compensation to an employee in excess of reasonable compensation for the services rendered; provided, however, that even if such bonuses or similar compensation are not pursuant to an agreement as specified under item (i), above, the Contracting Officer may nevertheless approve such bonuses and similar compensation as allowable production costs if such bonuses and similar compensation are not in excess of those costs which are allowable by the Internal Revenue Code and regulations thereunder and do not provide total compensation to an employee in excess of reasonable compensation for the services rendered.
- E. Central and branch office expenses of the Contractor, except as specifically set forth in this contract.
- F. Commission, bonuses, and fees (under whatever name) in connection with obtaining or negotiating for a Government contract or a modification thereto.
- G. Provision for contingency reserves, except as approved by the Contracting Officer.
- H. Contributions and donations, as such are defined in the Internal Revenue Code and regulations thereunder.

- I. Dividend provisions or payments and, in the case of sole proprietors and partners, distributions of profit.
- J. Entertainment costs, except the costs of recreational activities or social gatherings for on-site employees and their families.
- K. Fines and penalties including assessed interest resulting from violations of or failure of the Contractor to comply with Federal, state or local laws or regulations, except when incurred in accordance with the written approval of the Contracting Officer as a result of compliance with the provisions of this contract.
- L. Insurance (including any provisions of a self-insurance reserve) on any person where the Contractor under the insurance policy is the beneficiary, directly or indirectly.
- M. Interest, however represented, bond discounts and expenses, and costs of financing and refinancing operations.
- N. Legal, accounting, and consulting services and related costs incurred in connection with the preparation of prospectuses, preparation and issuance of stock rights, organization or reorganization, prosecution or defense of antitrust suits, prosecution of claims against the United States, contesting actions or proposed actions of the United States, and prosecution or defense of patent-infringement litigation.
- O. Losses (including litigation expenses, counsel fees, and settlements) on, or arising from the sale, exchange, or abandonment of capital assets, including investments (except as such losses may be allowable under other provisions of this contract); losses on other contracts, including the Contractor's contributed portion under cost-sharing contracts; losses in connection with price reductions to and discount purchases by employees and others from any source; and losses where such losses or expenses:
 - 1. are compensated for by insurance or otherwise or which would have been compensated by insurance required by law but which the Contractor failed to procure or maintain through its own fault or negligence;
 - 2. result from willful misconduct or lack of good faith on the part of any of the Contractor's directors, corporate officers, partners, or the resident manager of the Contractor at the plant;
 - 3. represent liabilities to third persons for which the Contractor has expressly accepted responsibility under other terms of this contract.

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Contract AT(05-1)-900
Appendix "D" Continued

- P. Costs incurred by the Contractor prior to January 1, 1963, except as (i) expressly made allowable under other provisions in this contract or (ii) approved by the Contracting Officer.
- Q. Selling and distribution activities and related expenses not applicable to the performance of this contract.
- R. Taxes, fees, and charges in connection with financing, refinancing, or refunding operations, including the listing of securities on exchanges; Federal and state taxes on income and excess profits (provided, however, that ad valorem taxes and taxes such as production taxes or severance taxes are allowable even though such taxes may be based wholly or in part on the value or income of the product); and special assessments on land which represent capital improvement, except as such assessments may be allowable under other provisions of this contract.
- S. For purposes of this contract, impurity penalties incurred in accordance with Appendix "B" of this contract will be unallowable and will be considered as a reduction of gross income.
- T. Any cost of or value for land except as provided for in Part III of this Appendix "D".
- U. Excess costs incurred in producing uranium concentrates for outside sales if the agreement covering such outside sales provides for concentrate specifications which are more restrictive than the specifications provided for in this contract. Such excess cost shall be the cost incurred over and above the normal costs incurred by the Contractor in producing uranium concentrate for sale to the Commission under this contract.
- V. All costs incurred during a period of cessation as provided for in paragraph 2 of Article I, unless otherwise approved by the Contracting Officer.
- W. All costs incurred for the scrapping or disposition of items of plant and equipment which are not depreciable under this contract; except that costs incurred for the removal, shipment, and subsequent reinstallation from one location to another location within the plant shall be allowable if such costs are within the provisions and limitations of this Appendix "D".

Part III - Items of Cost Which Require Special Handling in Determination
of Allowable Production Costs

A. Royalties, Exploration Costs, Surface Drilling Costs and Costs
Incurred for Acquisition of Royalties, Mining Rights, Mining Leases,
and/or Mining Claims

In lieu of (i) royalties, (ii) exploration costs, (iii) surface drilling costs, and (iv) costs incurred for acquisition of royalties, mining rights, mining leases, and/or mining claims, or any amortization or depletion thereof for any of the items specified in (i), (ii), (iii), or (iv) of this paragraph (regardless of when such costs are incurred), there shall be included in allowable mining costs, sixty-four cents (\$0.64) for each pound of U₃O₈ in raw ore mined from the lands described in Subpart A and Subpart B of Part 1 of Appendix "A" during the period of this contract from January 1, 1963 through December 31, 1968; except that (i) such costs shall not commence until March 1, 1963 with respect to Mining Units No. 45, 69, 70, 71, 72, 73, 74, 75, 76, and 77 and (ii) such costs shall not include any amount for ore mined from Mining Unit No. 66 which is treated or to be treated in the Monument Valley upgrader or the UFB plant or is shipped directly to the Shiprock plant or the Durango plant. For purposes of this contract the sixty-four cents (\$0.64) per pound of U₃O₈ in raw ore shall also include the following types of costs or payments:

1. Overriding royalties.
2. Production payments.
3. Lease rentals.
4. Bonus payments.
5. Net profits payments.
6. Carried interest payments.

All other costs or payments for items similar to the above (deferred or current) shall be unallowable production costs in consideration of the sixty-four cents (\$0.64) per pound of U₃O₈ in raw ore as hereinabove provided for.

For purposes of this contract, surface drilling costs are defined as follows:

Surface drilling costs shall be the cost of boreholes drilled from the surface, including costs such as road construction, drill site preparation, drilling, engineering and geologic services, when such costs are necessary for the accomplishment

of surface drilling; provided, however, that surface drilling costs shall not include costs such as the cost of boreholes drilled for ventilation; blast holes; escapeways; power, air, and water lines; water wells; hoisting of ore and waste; extraction by solution leaching; backfill; and boreholes drilled within open pits.

For purposes of this Appendix "D", the distinction between the exploration stage and the development stage of a uranium ore deposit and the costs applicable to such stages, aside from the surface drilling costs hereinbefore provided for, shall be determined in accordance with the Internal Revenue Code and regulations thereunder.

B. Deferred Mine Development Costs or Primary Development Costs

Deferred mine development costs or primary development costs shall be included in allowable mining costs to the extent provided for by the application of the formula, $A \times \frac{B}{C} = \text{deferred mine development}$

costs for each of the following separate mining units except Mining Unit No. 66:

<u>Name of Mining Unit</u>	<u>Mining Unit Number Designation for Purposes of this Contract</u>
New Verde	1
North Star	2
Red Sox, Black Rock, Old Cliffdweller	3
Nucla	4
Club 3, Club Sandwich	5
Merry Widow	6
Sunbeam, Golden Eagle	7
TNT #3	8
Hidden Basin	9
Republican	10
Maggie C, Vanadate	11
Bagger	12
Sesmo	13
Donald L, Donald L #2	14
Vanadium King	15
Media	16
Firecracker	17
Bitter Creek Group	18
Easy	19

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 Appendix "D" Continued

<u>Name of Mining Unit - cont'd</u>	<u>Mining Unit Number Designation for Purposes of this Contract</u>
Donna K	20
Vaden View	21
Steer 5 or Steer	22
School Marm	23
Venture	24
Baby Fawn	25
Mesa, Fawn Springs 29	26
Big Bull	27
Camel #6	28
North Standard	29
John K #2	30
Diana September Morn 2	31
Radium Hill 31, September Morn	32
April	33
Radium Hill 10	34
Gyp Group	35
Cliff Dweller, Cliff Dweller 1, 2, 3	36
Sylvia	37
Raven, Raven 1, Happy Jack	38
Horseshoe	39
Strawberry Roan	40
Marne 2	41
Lost, Easter	42
Cliffhouse, Shale	43
Last Chance, Yellow Jacket	44
Bardon Shaft	45
None Such	46
Eva	47
Three Jacks, Butterfly	48
Prayer 9	49
Ureka	50
Red Bird 20	52
Big Chief	53
Cove Mesa	58
VCA Plot 6	59
Plot 7 Nelsea Pt.	60
Hoskie H. Henry	61
Plot 9, Plot 12	62
Plot 1, Plot 2	63
Shadyside Plot 3	64
Plot 14, Plot 15, Plot 16	65
Mon 2 Ind. 6204	66

Modification No. 1
Contract AT(05-1)-900
Appendix "D" Continued

<u>Name of Mining Unit - cont'd</u>	<u>Mining Unit Number Designation for Purposes of this Contract</u>
Van	67
Dusty	68
Mesa 1, $1\frac{1}{2}$	69
Mesa 2	70
Mesa 1 $3/4$, 2, $2\frac{1}{2}$	71
Mesa 3	72
Mesa 4	73
Mesa $4\frac{1}{4}$	74
Mesa $4\frac{1}{2}$, 5, 6	75
Flag Mesa and Bare Rock Mesa	76
Step Mesa	77
John Lee Benally	78
Block K	79
Bean Patch, Bean 3, Radium 9, Radium 5, 6, Sunrise	81
Radium 24	82
Yellow Bird	83
Bean 10	84
Cone 14, Bean 17	85
Cone 1, 6	86
Sunflower	87
Wedge	88
Early Morn	89

For purposes of this contract, the boundaries of each mining unit shall be defined and delineated in accordance with a map of the mining unit to be agreed upon by the parties prior to or upon execution of Modification No. 1 to Contract AT(05-1)-900.

Deferred mine development costs shall not include costs for development work done outside the boundaries of the mining units, unless otherwise approved by the Contracting Officer.

For each of the above mining units and for any other mining units which may be added to this subpart B as hereinafter provided for, the formula expressions A, B, and C shall have the following meanings:

1. A = (i) Allowable deferred mine development costs incurred prior to January 1, 1963 or March 1, 1963, as the case may be /such costs applicable to the above specified mining units are as follows:

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 Contract AT(05-1)-900
 Appendix "D" Continued

a.	Mining Unit No. 1	- \$ 21,070.35	(January 1, 1963)
b.	Mining Unit No. 2	- \$ 6,527.75	(January 1, 1963)
c.	Mining Unit No. 3	- \$ 15,538.49	(January 1, 1963)
d.	Mining Unit No. 4	- \$ 1,736.25	(January 1, 1963)
e.	Mining Unit No. 5	- \$ 11,007.50	(January 1, 1963)
f.	Mining Unit No. 6	- \$ 4,277.70	(January 1, 1963)
g.	Mining Unit No. 7	- \$ 20,358.95	(January 1, 1963)
h.	Mining Unit No. 8	- \$ 9,474.80	(January 1, 1963)
i.	Mining Unit No. 9	- \$ 12,367.90	(January 1, 1963)
j.	Mining Unit No. 10	- \$ 4,780.20	(January 1, 1963)
k.	Mining Unit No. 11	- \$ 180.00	(January 1, 1963)
l.	Mining Unit No. 12	- \$ 200.00	(January 1, 1963)
m.	Mining Unit No. 13	- \$ 1,087.30	(January 1, 1963)
n.	Mining Unit No. 14	- \$ 11,337.90	(January 1, 1963)
o.	Mining Unit No. 15	- \$ 13,906.64	(January 1, 1963)
p.	Mining Unit No. 16	- \$ 3,360.06	(January 1, 1963)
q.	Mining Unit No. 17	- \$ 2,553.00	(January 1, 1963)
r.	Mining Unit No. 18	- \$ 5,008.00	(January 1, 1963)
s.	Mining Unit No. 19	- \$ 300.00	(January 1, 1963)
t.	Mining Unit No. 20	- \$ 7,810.04	(January 1, 1963)
u.	Mining Unit No. 21	- \$ 1,032.50	(January 1, 1963)
v.	Mining Unit No. 22	- \$ 4,684.80	(January 1, 1963)
w.	Mining Unit No. 23	- \$ 3,748.75	(January 1, 1963)
x.	Mining Unit No. 24	- \$ 2,000.00	(January 1, 1963)
y.	Mining Unit No. 25	- \$ 2,105.00	(January 1, 1963)
z.	Mining Unit No. 26	- \$ 5,032.98	(January 1, 1963)
aa.	Mining Unit No. 27	- \$ 974.60	(January 1, 1963)
ab.	Mining Unit No. 28	- \$ None	(January 1, 1963)
ac.	Mining Unit No. 29	- \$ 9,706.00	(January 1, 1963)
ad.	Mining Unit No. 30	- \$ None	(January 1, 1963)
ae.	Mining Unit No. 31	- \$ 3,201.00	(January 1, 1963)
af.	Mining Unit No. 32	- \$ 9,241.50	(January 1, 1963)
ag.	Mining Unit No. 33	- \$ 100.00	(January 1, 1963)
ah.	Mining Unit No. 34	- \$ 19,878.84	(January 1, 1963)
ai.	Mining Unit No. 35	- \$ 2,576.64	(January 1, 1963)
aj.	Mining Unit No. 36	- \$ 4,800.00	(January 1, 1963)
ak.	Mining Unit No. 37	- \$ 3,750.00	(January 1, 1963)
al.	Mining Unit No. 38	- \$ 8,161.86	(January 1, 1963)
am.	Mining Unit No. 39	- \$ 12,200.00	(January 1, 1963)
an.	Mining Unit No. 40	- \$ 6,924.00	(January 1, 1963)
ao.	Mining Unit No. 41	- \$ 4,291.88	(January 1, 1963)
ap.	Mining Unit No. 42	- \$ 3,137.86	(January 1, 1963)
aq.	Mining Unit No. 43	- \$ None	(January 1, 1963)
ar.	Mining Unit No. 44	- \$ 6,376.40	(January 1, 1963)

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 Appendix "D" Continued

as. Mining Unit No. 45 -	\$134,162.03	(March 1, 1963)
at. Mining Unit No. 46 -	\$ 2,000.00	(January 1, 1963)
au. Mining Unit No. 47 -	\$ 2,000.00	(January 1, 1963)
av. Mining Unit No. 48 -	\$ 18,852.00	(January 1, 1963)
aw. Mining Unit No. 49 -	\$ None	(January 1, 1963)
ax. Mining Unit No. 50 -	\$ 2,400.00	(January 1, 1963)
ay. Mining Unit No. 52 -	\$ 14,686.60	(January 1, 1963)
az. Mining Unit No. 53 -	\$ 2,000.00	(January 1, 1963)
ba. Mining Unit No. 58 -	\$ None	(January 1, 1963)
bb. Mining Unit No. 59 -	\$ None	(January 1, 1963)
bc. Mining Unit No. 60 -	\$ None	(January 1, 1963)
bd. Mining Unit No. 61 -	\$ None	(January 1, 1963)
be. Mining Unit No. 62 -	\$ None	(January 1, 1963)
bf. Mining Unit No. 63 -	\$ None	(January 1, 1963)
bg. Mining Unit No. 64 -	\$ None	(January 1, 1963)
bh. Mining Unit No. 65 -	\$ None	(January 1, 1963)
bi. Mining Unit No. 66 -	Non-applicable	
bj. Mining Unit No. 67 -	\$ None	(January 1, 1963)
bk. Mining Unit No. 68 -	\$ None	(January 1, 1963)
bl. Mining Unit No. 69 -	\$ 5,400.00	(March 1, 1963)
bm. Mining Unit No. 70 -	\$ None	(March 1, 1963)
bn. Mining Unit No. 71 -	\$221,136.71	(March 1, 1963)
bo. Mining Unit No. 72 -	\$ 12,020.15	(March 1, 1963)
bp. Mining Unit No. 73 -	\$ 6,973.70	(March 1, 1963)
bq. Mining Unit No. 74 -	\$ 870.00	(March 1, 1963)
br. Mining Unit No. 75 -	\$113,373.60	(March 1, 1963)
bs. Mining Unit No. 76 -	\$ 10,673.90	(March 1, 1963)
bt. Mining Unit No. 77 -	\$ 8,951.60	(March 1, 1963)
bu. Mining Unit No. 78 -	\$ None	(January 1, 1963)
bv. Mining Unit No. 79 -	\$ 6,030.30	(January 1, 1963)
bw. Mining Unit No. 81 -	\$ 13,395.00	(January 1, 1963)
bx. Mining Unit No. 82 -	\$ None	(January 1, 1963)
by. Mining Unit No. 83 -	\$ 2,584.60	(January 1, 1963)
bz. Mining Unit No. 84 -	\$ 20,584.09	(January 1, 1963)
ca. Mining Unit No. 85 -	\$ None	(January 1, 1963)
cb. Mining Unit No. 86 -	\$ 255.00	(January 1, 1963)
cc. Mining Unit No. 87 -	\$ None	(January 1, 1963)
cd. Mining Unit No. 88 -	\$ None	(January 1, 1963)
ce. Mining Unit No. 89 -	\$ None	(January 1, 1963)]

plus (ii) all deferred or primary development costs incurred for each such separate mining unit subsequent to December 31, 1962 or February 28, 1963, as the case may be, and prior to January 1, 1969, minus (iii) all rebates, allowances, refunds, discounts, or other credits received by the Contractor from any other company or companies for primary development work done by or for the Contractor or Other Entities prior to

Modification No. 1
Contract AT(05-1)-900
Appendix "D" Continued

January 1, 1969, if such rebates, etc., relate to costs included in either the amounts specified under (i), immediately above, or the amounts hereinafter incurred pursuant to (ii), immediately above.

2. B = Pounds of U_3O_8 in ore mined from each such separate mining unit subsequent to December 31, 1962 or February 28, 1963, as the case may be, and prior to January 1, 1969.
3. C = (i) Pounds of U_3O_8 in ore mined prior to January 1, 1963 or March 1, 1963, as the case may be, from each such separate mining unit /subject to the provisions of Part VI of this Appendix "D", such pounds applicable to the above specified mining units are as follows:

a.	Mining Unit No. 1 -	142,195 pounds	(January 1, 1963)
b.	Mining Unit No. 2 -	23,198 pounds	(January 1, 1963)
c.	Mining Unit No. 3 -	160,228 pounds	(January 1, 1963)
d.	Mining Unit No. 4 -	9,912 pounds	(January 1, 1963)
e.	Mining Unit No. 5 -	53,818 pounds	(January 1, 1963)
f.	Mining Unit No. 6 -	24,261 pounds	(January 1, 1963)
g.	Mining Unit No. 7 -	106,505 pounds	(January 1, 1963)
h.	Mining Unit No. 8 -	6,962 pounds	(January 1, 1963)
i.	Mining Unit No. 9 -	137,548 pounds	(January 1, 1963)
j.	Mining Unit No. 10 -	362,057 pounds	(January 1, 1963)
k.	Mining Unit No. 11 -	41,573 pounds	(January 1, 1963)
l.	Mining Unit No. 12 -	6,146 pounds	(January 1, 1963)
m.	Mining Unit No. 13 -	3,942 pounds	(January 1, 1963)
n.	Mining Unit No. 14 -	296,215 pounds	(January 1, 1963)
o.	Mining Unit No. 15 -	69,741 pounds	(January 1, 1963)
p.	Mining Unit No. 16 -	19,769 pounds	(January 1, 1963)
q.	Mining Unit No. 17 -	176,838 pounds	(January 1, 1963)
r.	Mining Unit No. 18 -	227,867 pounds	(January 1, 1963)
s.	Mining Unit No. 19 -	48 pounds	(January 1, 1963)
t.	Mining Unit No. 20 -	8,516 pounds	(January 1, 1963)
u.	Mining Unit No. 21 -	135,132 pounds	(January 1, 1963)
v.	Mining Unit No. 22 -	5,906 pounds	(January 1, 1963)
w.	Mining Unit No. 23 -	1,289 pounds	(January 1, 1963)
x.	Mining Unit No. 24 -	105 pounds	(January 1, 1963)
y.	Mining Unit No. 25 -	8,757 pounds	(January 1, 1963)
z.	Mining Unit No. 26 -	33,029 pounds	(January 1, 1963)
aa.	Mining Unit No. 27 -	4,653 pounds	(January 1, 1963)
ab.	Mining Unit No. 28 -	129 pounds	(January 1, 1963)
ac.	Mining Unit No. 29 -	50,798 pounds	(January 1, 1963)

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 Contract AT(05-1)-900
 Appendix "D" Continued

ad.	Mining Unit No. 30 -	-0- pounds	(January 1, 1963)
ae.	Mining Unit No. 31 -	46,944 pounds	(January 1, 1963)
af.	Mining Unit No. 32 -	33,586 pounds	(January 1, 1963)
ag.	Mining Unit No. 33 -	1,891 pounds	(January 1, 1963)
ah.	Mining Unit No. 34 -	16,660 pounds	(January 1, 1963)
ai.	Mining Unit No. 35 -	19,513 pounds	(January 1, 1963)
aj.	Mining Unit No. 36 -	184 pounds	(January 1, 1963)
ak.	Mining Unit No. 37 -	74 pounds	(January 1, 1963)
al.	Mining Unit No. 38 -	146,819 pounds	(January 1, 1963)
am.	Mining Unit No. 39 -	22,413 pounds	(January 1, 1963)
an.	Mining Unit No. 40 -	42,770 pounds	(January 1, 1963)
ao.	Mining Unit No. 41 -	10,063 pounds	(January 1, 1963)
ap.	Mining Unit No. 42 -	19,960 pounds	(January 1, 1963)
aq.	Mining Unit No. 43 -	131,272 pounds	(January 1, 1963)
ar.	Mining Unit No. 44 -	11,479 pounds	(January 1, 1963)
as.	Mining Unit No. 45 -	272,467 pounds	(March 1, 1963)
at.	Mining Unit No. 46 -	212 pounds	(January 1, 1963)
au.	Mining Unit No. 47 -	8,226 pounds	(January 1, 1963)
av.	Mining Unit No. 48 -	200,672 pounds	(January 1, 1963)
aw.	Mining Unit No. 49 -	-0- pounds	(January 1, 1963)
ax.	Mining Unit No. 50 -	51,749 pounds	(January 1, 1963)
ay.	Mining Unit No. 52 -	11,752 pounds	(January 1, 1963)
az.	Mining Unit No. 53 -	29,411 pounds	(January 1, 1963)
ba.	Mining Unit No. 58 -	6,573 pounds	(January 1, 1963)
bb.	Mining Unit No. 59 -	19,003 pounds	(January 1, 1963)
bc.	Mining Unit No. 60 -	16,382 pounds	(January 1, 1963)
bd.	Mining Unit No. 61 -	-0- pounds	(January 1, 1963)
be.	Mining Unit No. 62 -	2,738 pounds	(January 1, 1963)
bf.	Mining Unit No. 63 -	6,994 pounds	(January 1, 1963)
bg.	Mining Unit No. 64 -	43,557 pounds	(January 1, 1963)
bh.	Mining Unit No. 65 -	-0- pounds	(January 1, 1963)
bi.	Mining Unit No. 66 -	Non-applicable	
bj.	Mining Unit No. 67 -	3,463 pounds	(January 1, 1963)
bk.	Mining Unit No. 68 -	293 pounds	(January 1, 1963)
bl.	Mining Unit No. 69 -	366,565 pounds	(March 1, 1963)
bm.	Mining Unit No. 70 -	5,331 pounds	(March 1, 1963)
bn.	Mining Unit No. 71 -	1,601,092 pounds	(March 1, 1963)
bo.	Mining Unit No. 72 -	250,484 pounds	(March 1, 1963)
bp.	Mining Unit No. 73 -	83,872 pounds	(March 1, 1963)
bq.	Mining Unit No. 74 -	-0- pounds	(March 1, 1963)
br.	Mining Unit No. 75 -	255,403 pounds	(March 1, 1963)
bs.	Mining Unit No. 76 -	50,884 pounds	(March 1, 1963)
bt.	Mining Unit No. 77 -	22,660 pounds	(March 1, 1963)
bu.	Mining Unit No. 78 -	-0- pounds	(January 1, 1963)

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OFFICIAL USE ONLY

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Appendix "D" Continued

bv. Mining Unit No. 79 -	206 pounds	(January 1, 1963)
bw. Mining Unit No. 81 -	886,897 pounds	(January 1, 1963)
bx. Mining Unit No. 82 -	-0- pounds	(January 1, 1963)
by. Mining Unit No. 83 -	5,958 pounds	(January 1, 1963)
bz. Mining Unit No. 84 -	-0- pounds	(January 1, 1963)
ca. Mining Unit No. 85 -	-0- pounds	(January 1, 1963)
cb. Mining Unit No. 86 -	14,656 pounds	(January 1, 1963)
cc. Mining Unit No. 87 -	-0- pounds	(January 1, 1963)
cd. Mining Unit No. 88 -	699 pounds	(January 1, 1963)
ce. Mining Unit No. 89 -	2,349 pounds	(January 1, 1963)]

plus (ii) the quantity determined as B in the formula expression for each separate mining unit under 2, immediately above, plus (iii) remaining reserves (pounds of U_3O_8 in ore) benefited by primary development at December 31, 1968, which reserves shall be calculated for each such separate mining unit except Mining Unit No. 66 in accordance with the procedures set forth in Appendix "E" attached hereto.

The costs and quantities applicable to Mining Unit No. 66 are to be excluded from all calculations under this subpart B, since it is agreed that none of the work performed or to be performed on this Mining Unit No. 66 prior to January 1, 1969 shall be considered as primary development for purposes of this contract.

For purposes of this Appendix "D", the distinction between the development stage and the producing stage of a mining unit shall be determined in accordance with the following criteria:

Primary development costs shall consist only of (a) the costs for those shafts, inclines, adits, drifts, winzes, crosscuts, and raises (or portions thereof) incurred for a particular mining unit prior to the time that the initial shipment of ore from such mining unit is received at the plant; except that in the case of Mining Units Nos. 69, 70, 71, 72, 73, 74, 75, 76, and 77, primary development costs shall also include, for each such particular mining unit, the costs of (i) all shafts and inclines driven as entries from the surface, and (ii) all adits, drifts, winzes, crosscuts, and raises (or portions thereof) which are clearly below the ore benefited by such adits, drifts, winzes, crosscuts, and raises, even though such mining unit is in the producing stage, (b) roads and other incidentals, and (c) all ventilation holes.

In addition to the producing mining units hereinabove set forth, the Contractor may add other producing mining units to this section of this Appendix "D" or may modify the existing mining units upon the written agreement thereto by the Contracting

Officer. In either case such agreement must be made prior to the production of uranium ore from any portion of the lands described in Part 1 of Appendix "A", which portion is not included within the boundaries of any mining unit hereinabove set forth in this subpart B.

Within the six months subsequent to the end of each of the first four periods specified in subpart A of Part IV of this Appendix "D", the Contractor agrees to prepare and submit maps to the Commission showing the primary development work and current development work performed during the preceding period.

C. Current Mine Development Costs or Secondary Development Costs

Current mine development costs or secondary development costs shall be calculated in accordance with the following criteria:

1. All Mining Units other than No. 66 and No. 69 through 77

For these mining units, the cost of current mine development or secondary development shall consist of the costs of all productive or non-productive adits, inclines, shafts, winzes, raises, crosscuts, and drifts (or portions thereof) incurred for any such mining unit subsequent to the time that the initial shipment of ore from such mining unit is received at the plant.

2. Mining Units No. 69 through 77

For these mining units, the cost of current mine development or secondary development shall consist of the costs of all adits, drifts, winzes, crosscuts, and raises which are not determined to be primary development pursuant to subpart B of Part III of this Appendix "D".

3. Mining Unit No. 66

For this mining unit, the cost of current mine development or secondary mine development shall consist of the cost of all waste removal performed during the period from January 1, 1963 through December 31, 1968 necessary to permit extraction of ore from this mining unit by open-pit methods during the period from January 1, 1963 through December 31, 1968.

All such current or secondary development costs for all of the mining units in the above three categories shall be included in allowable mining costs (or allowable upgrading, upflow batch leach and mining costs in the case of Mining Unit No. 66) provided that, unless otherwise approved by the Contracting Officer, the total cost for such development to be included in allowable production costs in any of calendar years 1966, 1967, or 1968 together with such costs for Dulaney may not exceed the average annual cost of such development by the Contractor and Dulaney during the three-year period from January 1, 1963 through December 31, 1965; except that costs, otherwise allowable hereunder, necessary for the secondary or current development of ores extracted prior to January 1, 1969 for the production of uranium concentrate for sale to the Commission under this contract shall be allowable. Whereas deferred or primary development costs shall be amortized on a mining unit by mining unit basis as provided for under subpart B, above, current or secondary development costs shall be combined for all of the mining units listed in subpart B, above, to determine compliance with the limitation on such costs during calendar years 1966, 1967, and 1968 as hereinabove provided for in this subpart C.

D. Research, Process Development, and Experimentation Costs

The cost of research, process development, and experimentation performed subsequent to February 28, 1963 with respect to the Shiprock plant and Mining Units No. 45, 69, 70, 71, 72, 73, 74, 75, 76, and 77 and subsequent to December 31, 1962 with respect to all other facilities and mining units, will be allowable production costs under this contract only to the extent that such costs were intended to benefit the production or production cost of uranium concentrate for delivery to the Commission under this contract; provided, however, that if such costs together with such costs for Dulaney incurred during any of calendar years 1966, 1967, or 1968 are in excess of the average annual amount of such costs during the three-year period from January 1, 1963 through December 31, 1965, the amount of the excess may not be included in allowable production costs without the approval of the Contracting Officer.

E. Depreciation - Mine Plant and Equipment

The parties agree that the undepreciated cost of mine plant and equipment at December 31, 1962, equals \$116,442.68. The Contractor and the Commission have agreed on the items of equipment represented by the

amount of \$116,442.68, which items of equipment are summarized on a separate agreement between the parties entitled "Summary of Mine Plant and Equipment - December 31, 1962." It is agreed, however, that should the Contractor and the Federal Internal Revenue Service agree upon either (i) a modification of the amount of depreciation claimed by the Contractor on Federal income tax returns prior to January 1, 1963 for the plant and equipment included in the letter agreement "Summary of Mine Plant and Equipment - December 31, 1962" or (ii) a modification of the items of mine plant and equipment which may have been expensed by the Contractor on such income tax returns instead of being capitalized, the Contractor and the Commission agree that the undepreciated cost of mine plant and equipment at December 31, 1962 shall be adjusted for purposes of this Appendix "D" to incorporate such modifications, only to the extent applicable; and further provided that all subsequent modifications by the Federal Internal Revenue Service during the term of this contract shall be utilized in the determination of allowable costs under this contract, only to the extent applicable. The Contractor agrees to use its best efforts to assure that all of the Contractor's Federal income tax returns (for taxable years ending prior to January 1, 1969) have been audited by the Federal Internal Revenue Service during the term of this contract.

The undepreciated cost of mine plant and equipment as thus determined in the preceding paragraph plus all additional mine plant and equipment acquired for the operation of the mining units listed in subpart B of this Part III during the term of this contract from January 1, 1963 through December 31, 1968, shall be depreciated in accordance with (i) the methods and procedures used by the Contractor in the preparation of its Federal income tax return and (ii) the Internal Revenue Code and regulations thereunder and the amount of such depreciation shall be an allowable cost; provided that, should the Contractor be unable to fulfill this requirement because of changes in the Internal Revenue Code and regulations thereunder subsequent to December 31, 1962, the Commission and the Contractor shall agree upon an appropriate modification of this subpart E.

The Contractor acquired certain mine plant and equipment items from Kerr-McGee Oil Industries, Inc. as of March 1, 1963. The detail and applicable depreciable cost of such mine plant and equipment for purposes of this Appendix "D" is set forth in a separate letter agreement (entitled "Detail and Cost of Mine Plant and Equipment Acquired from Kerr-McGee Oil Industries, Inc.") between the parties hereto.

If mine plant and equipment assets are sold, abandoned, or otherwise disposed of (except by trade-in), any loss on such disposal will be an allowable production cost; whereas any gain on such disposal will be a credit to allowable production cost; provided, however, that if such costs (excess of losses over gains) together with such costs for Dulaney incurred during any of calendar years 1966, 1967, or 1968 are in excess of the average annual amount of such costs (excess of losses over gains) incurred by the Contractor and Dulaney during the three-year period from January 1, 1963 through December 31, 1965, the amount of the excess may not be included in allowable production costs without the approval of the Contracting Officer, provided that the provision for limitation on such costs during calendar years 1966, 1967, or 1968 shall not extend to either (i) involuntary conversions, as such involuntary conversions are defined in the Internal Revenue Code and regulations thereunder, or (ii) any calendar year during the period from January 1, 1966 through December 31, 1968 in which gains on dispositions exceed losses. If such assets are traded in on replacement assets, no gain or loss in allowable production costs will be recognized for purposes of this contract, and the basis or cost of such replacement asset for depreciation purposes will be computed in accordance with the Internal Revenue Code and regulations thereunder.

F. Depreciation - All Other Assets

Depreciation on all other assets (including joint mill and mine facilities) acquired prior to January 1, 1963, shall be unallowable, except that transfers of plant or equipment to the plant or to mining operations on lands listed in Part 1 of Appendix "A" for the production of uranium concentrate under this contract from other locations (not included in the definition of plant) except the Contractor's Monument Valley upgrader shall be made at the Contractor's undepreciated cost (to be computed in accordance with the Contractor's Federal income tax return for such plant and equipment) even though such other assets were acquired prior to January 1, 1963, and depreciation on such assets shall be an allowable cost.

Any gain or loss on the disposition of assets which are not depreciable under this contract, shall not affect the computation of allowable production costs during the period of this contract from January 1, 1963 through December 31, 1968. Subject to the limitations of this Appendix "D", depreciation on all other assets acquired for the performance of this contract subsequent to December 31, 1962, and prior to January 1, 1969, shall be an allowable cost in accordance

with the Contractor's Federal income tax return and the Internal Revenue Code and regulations thereunder; provided that, should the Contractor be unable to fulfill this requirement because of changes in the Internal Revenue Code and regulations thereunder subsequent to December 31, 1962, the Commission and the Contractor shall agree upon an appropriate modification of this subpart F.

If such other assets (acquired subsequent to December 31, 1962) are sold, abandoned, or otherwise disposed of (except by trade-in), any loss on such disposal will be an allowable production cost; whereas any gain on such disposal will be a credit to allowable production cost; provided, however, that if such costs (excess of losses over gains) incurred during any of calendar years 1966, 1967, or 1968 are in excess of the average annual amount of such costs (excess of losses over gains) during the three-year period from January 1, 1963 through December 31, 1965, the amount of the excess may not be included in allowable production costs without the approval of the Contracting Officer, provided that, the provisions for limitation on such costs during calendar years 1966, 1967, or 1968 shall not extend to either (i) involuntary conversions, as such involuntary conversions are defined in the Internal Revenue Code and regulations thereunder, or (ii) any calendar year during the period from January 1, 1966 through December 31, 1968 in which gains on dispositions exceed losses. If such other tangible depreciable assets acquired subsequent to December 31, 1962, are traded in on replacement assets, no gain or loss in allowable production costs will be recognized for purposes of this contract, and the basis or cost of such replacement asset for depreciation purposes will be computed in accordance with the Internal Revenue Code and regulations thereunder. If any such other tangible depreciable asset owned by the Contractor at December 31, 1962 is traded in on a replacement asset subsequent to December 31, 1962, then in that event for the purposes of this contract, depreciation and losses resulting from sale, abandonment, or other disposition of the replacement asset shall be computed only on the cash difference paid by the Contractor for the acquisition of such replacement asset. Should the Contractor acquire from any source (other than the Shiprock plant acquired from Kerr-McGee Oil Industries, Inc.) subsequent to December 31, 1962, the tangible assets of any existing uranium ore processing plant, which tangible assets are not moved to (i) the Shiprock plant, (ii) the UFBL plant or (iii) any of the mining units listed in subpart B of this Part III and incorporated into either such plant or utilized in the operation of such mining units for the production of uranium concentrate under this contract, depreciation on such tangible assets not so moved and so incorporated into either of such plants or utilized

in such mining units shall be unallowable for purposes of this contract; and furthermore, any such acquisition of an existing uranium ore processing plant or of any other item which is not depreciable under this contract, shall not be included as an acquisition for purposes of subpart G of this Part III. It is agreed that the Contractor's cost of acquisition for the Shiprock plant from Kerr-McGee Oil Industries, Inc. shall not be depreciable for purposes of this contract.

G. Depreciation - Limit for All Depreciable Assets (Mine and All Other)

If tangible depreciable assets (except tangible depreciable assets acquired to replace tangible depreciable assets lost as the result of involuntary conversions, as such involuntary conversions are defined in the Internal Revenue Code and regulations thereunder) are acquired by the Contractor and Dulaney for the performance of this contract in any of calendar years 1966, 1967, or 1968 at a cost in excess of the average annual cost of such acquisitions by the Contractor and Dulaney during the three-year period from January 1, 1963 through December 31, 1965, the depreciation on the amount of such excess expenditures shall be included in allowable production costs only to the extent approved by the Contracting Officer. It is agreed that the cost of (i) the mine plant and equipment items acquired from Kerr-McGee Oil Industries, Inc. (detailed on the separate letter agreement "Detail and Cost of Mine Plant and Equipment Acquired from Kerr-McGee Oil Industries, Inc.") and (ii) the mine plant and equipment acquired from Dulaney during October 1965 shall not be included as acquisitions during the three-year period from January 1, 1963 through December 31, 1965 for purposes of this subpart G.

H. Inter- or Intra-Company Profits

Approval of the Contracting Officer must be obtained before any item of cost can be charged to allowable production costs, which item of cost includes a factor for profit for any related, subsidiary, or controlled company or division of the Contractor as determined by the Commission.

I. Lease Rental - Purchase Arrangements

Lease payments or rental payments for equipment which are properly allocable to the milling, mining, hauling, upgrading, concentrating, or upflow batch leaching of uranium ores, may be included in allowable production costs; provided, however, that if the Contractor exercises an option to purchase such equipment during the term of

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Modification No. 1
Contract AT(05-1)-900
Appendix "D" Continued

this contract, allowable production costs shall, unless otherwise approved by the Contracting Officer, be recast on the following basis:

1. All lease payments theretofore included in allowable production costs to the extent such payments apply to the purchase price, shall be deducted.
2. The purchase price of such equipment shall be the basis for a depreciation charge to be included in allowable production costs as hereinbefore provided for.

J. Allocation of General Costs Among Milling, Mining, Hauling, Upgrading, Concentrating, and Upflow Batch Leaching Costs

All general costs which are properly allocable to the production of uranium concentrate, but which are not directly assignable to the milling, mining, hauling, upgrading, concentrating, or upflow batch leaching functions shall be allocated to such functions in accordance with a separate agreement entitled "Allocation of General Costs" to be agreed upon by the parties prior to or upon the execution of Modification No. 1 to Contract AT(05-1)-900.

K. Off-Site Expenses

Those expenses incurred at sites other than (i) the plant or (ii) the lands described in Subpart A and Subpart B of Part 1 of Appendix "A" of this contract, which expenses are determined to be directly related to or properly allocable to the milling, mining, hauling, upgrading, concentrating, or upflow batch leaching of uranium ore, shall be included in allowable production costs only to the extent provided for in a separate agreement entitled "Off-Site Expenses" to be agreed upon by the parties prior to or upon execution of Modification No. 1 to Contract AT(05-1)-900.

Part IV - General Provisions

A. Reports and Certification

1. Contractor Reports

The Contractor shall submit reports of allowable production costs in accordance with a report format to be agreed upon for each of the following periods:

- a. January 1, 1963 through December 31, 1964
- b. January 1, 1965 through December 31, 1965
- c. January 1, 1966 through December 31, 1966
- d. January 1, 1967 through December 31, 1967
- e. January 1, 1968 through December 31, 1968

Such reports shall be submitted as soon as practicable after the end of each such period but not later than six months subsequent to the end of each such period unless additional time is specifically granted by the Contracting Officer.

2. Certification

Unless otherwise directed by the Commission, the accounts of the Contractor shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants, certified or licensed by a regulatory authority of a state or other political subdivision of the United States. The Contractor's reports submitted in accordance with this subpart A shall contain such accountants' opinion as to the conformance of the reports with generally accepted accounting principles consistently applied and with the requirements and provisions of this contract; provided that before such accountants are engaged for such audit, the Contractor shall make known in writing to such accountants the requirement that the Commission shall have full access to the accountants' working papers for such audit and the right to reproduce any of such working papers at Commission expense, and that this requirement shall be acknowledged and agreed to by the accountants and that a copy of this agreement signed by both the Contractor and the accountants shall be furnished to the Commission. Nothing in this provision shall be deemed to preclude an audit by the Comptroller General of the United States or the Commission of any transaction under this contract.

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Appendix "D" Continued

1. Ore stockpile inventories - quantities and metal content only (at mill site and mine sites).
2. In-process inventories.
3. Finished product inventories (quantities and metal content only), including U_3O_8 and all by-products and co-products.
4. Warehouse inventories, including supplies, chemicals, and reagents.

The Contractor agrees to submit promptly for Commission approval the Contractor's written procedures for (i) pricing issues, (ii) recording costs for obsolescence and/or excess, and (iii) recording direct charges for warehouse inventories or supply items.

E. Operating Expense Versus Capital

The distinction between operating expense and capitalization of any item of plant or equipment shall be determined in accordance with tax accounting procedures provided for in the Internal Revenue Code and regulations thereunder; provided, however, that in any event, the cost of any individual item of plant or equipment acquired at a cost in excess of \$8,000.00 may not be included in allowable mining costs by direct expensing, unless specifically approved by the Contracting Officer.

F. Interim Estimates of Ore Reserves

Within the six months subsequent to the end of each of the first four periods specified in subpart A of this Part IV, the Contractor agrees to submit an estimate of ore (pounds of U_3O_8) to be produced from each separate mining unit listed in subpart B of Part III (other than Mining Unit No. 66) of this Appendix "D" from the end of such period through December 31, 1968. This estimate of future production shall then be added to the actual production (pounds of U_3O_8 in ore) for each such mining unit from January 1, 1963 through the end of such period and the resulting total shall be multiplied by twenty percent (20%) in order to determine an interim estimate of ore reserves for each mining unit for use in calculating interim costs for each of the first four periods listed in said subpart A commencing January 1, 1963 and ending December 31, 1967.

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Part V - Procedures for Computing Unit Price

The procedures hereinafter provided for in this Part V shall be used in computing the unit price specified in paragraph 2 of Article V of this contract. The procedures are divided into subparts which provide for the accumulation of costs and applicable quantities as follows:

- a. Subpart A provides for a resume of all quantities which are required for the calculation of the unit price under this Part V.
- b. Subpart B provides for the total milling, upgrading, concentrating, and upflow batch leaching costs applicable to all ore mined. Subpart B is broken down into five sections as follows:
 - (1) Section 1 provides for the accumulation of all common costs other than mining and hauling applicable to ores derived from lands described in Subpart A and Subpart B of Part 1 of Appendix "A".
 - (2) Section 2 provides for the accumulation of all uranium milling costs (other than common milling costs) applicable to ores derived from lands described in Subpart A and Subpart B of Part 1 of Appendix "A".
 - (3) Section 3 provides for the accumulation of all vanadium milling costs (other than common milling costs) applicable to ores derived from lands described in Subpart A and Subpart B of Part 1 of Appendix "A".
 - (4) Section 4 provides for the ratio of uranium profit (before common milling, mining and hauling costs) to the total profit (before common costs) for uranium and vanadium applicable to ores derived from lands described in Subpart A and Subpart B of Part 1 of Appendix "A".
 - (5) Section 5 provides for the accumulation of all uranium milling, upgrading, concentrating, and upflow batch leaching costs applicable to ores derived from lands described in Subpart A and Subpart B of Part 1 of Appendix "A".
- c. Subpart C provides for the total mining costs for all raw ore mined from lands described in Subpart A and Subpart B of Part 1 of Appendix "A".
- d. Subpart D provides for the total haulage costs applicable to all raw ore mined from lands described in Subpart A and Subpart B of Part 1 of Appendix "A".

- e. Subpart E provides for the escalation of all applicable escalatable results obtained under Subparts B, C, and D.
- f. Subpart F provides for the accumulation of the total allowable formula costs which will then be divided by the total pounds of U_3O_8 in concentrate represented by these costs. This average cost per pound of U_3O_8 in concentrate is then multiplied by eighty-five percent (85%) and one dollar and sixty cents (\$1.60) is then added to the result thus obtained. The resulting amount shall be the selling price provided for in paragraph 2. of Article V of this contract subject to the maximum price of six dollars and seventy cents (\$6.70).

Subpart A - Resume of Quantities To Be Used in Part V

- Step 1 - Determine, in accordance with Part VI of this Appendix "D", the total dry tons of raw ore handled in the Shiprock plant during the period from March 1, 1963 through December 31, 1968. This calculation shall be rounded to the nearest whole ton.
- Step 2 - Determine, in accordance with Part VI of this Appendix "D", the total dry tons of raw ore fed to process in the Shiprock plant during the period from March 1, 1963 through December 31, 1968. This calculation shall be rounded to the nearest whole ton.
- Step 3 - Determine, in accordance with Part VI of this Appendix "D", the total dry tons of upgraded product fed to process in each of the following separate plants:
 - a. Shiprock plant (for the period from March 1, 1963 through December 31, 1968).
 - b. Durango plant (for the period from January 1, 1963 through December 31, 1968).

These calculations shall be rounded to the nearest whole ton.

- Step 4 - Determine, in accordance with Part VI of this Appendix "D", the total dry tons of upflow batch leach product fed to process in the Shiprock plant during the period from March 1, 1963 through December 31, 1968. This calculation shall be rounded to the nearest whole ton.

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Step 5 - Determine, in accordance with Part VI of this Appendix "D", the total dry tons of raw ore processed in each of the following separate plants:

- a. Shiprock plant (for the period from March 1, 1963 through December 31, 1968).
- b. Durango plant (for the period from January 1, 1963 through December 31, 1968).
- c. Naturita concentrator (for the period from January 1, 1963 through December 31, 1968).

These calculations shall be rounded to the nearest whole ton.

Step 6 - Determine, in accordance with Part VI of this Appendix "D", the total dry tons of upgraded product produced in the Monument Valley upgrader during the period from January 1, 1963 through December 31, 1968 for each of the following separate plants:

- a. Shiprock plant.
- b. Durango plant.

These calculations shall be rounded to the nearest whole ton.

Step 7 - Determine, in accordance with Part VI of this Appendix "D", the total dry tons of upflow batch leach product produced in the upflow batch leach plant during the period from January 1, 1963 through December 31, 1968. This calculation shall be rounded to the nearest whole ton.

Step 8 - Determine, in accordance with Part VI of this Appendix "D", the total dry tons of raw ore mined from the lands described in Subpart A and Subpart B of Part 1 of Appendix "A" for the following separate plants:

- a. Shiprock plant (for the period from March 1, 1963 through December 31, 1968).
- b. Durango plant (for the period from January 1, 1963 through December 31, 1968).
- c. Naturita concentrator (for the period from January 1, 1963 through December 31, 1968).

These calculations shall be rounded to the nearest whole ton.

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Step 9 - Determine, in accordance with Part VI of this Appendix "D", the total dry tons of (i) boiler residues, (ii) cleanup material, and (iii) tailings fed to process in the Shiprock plant during the period from March 1, 1963 through December 31, 1968. This calculation shall be rounded to the nearest whole ton.

Step 10 - Determine, in accordance with Part VI of this Appendix "D", the total dry tons of material other than uranium material fed to process in the Durango plant during the period from January 1, 1963 through December 31, 1968. This calculation shall be rounded to the nearest whole ton.

Step 11 - Determine, in accordance with Part VI of this Appendix "D", the total dry tons of raw ore (mined from lands described in Subpart A and Subpart B of Part 1 of Appendix "A") transported to the following separate plants:

- a. Shiprock plant (for the period from March 1, 1963 through December 31, 1968).
- b. Durango plant (for the period from January 1, 1963 through December 31, 1968).
- c. Naturita concentrator (for the period from January 1, 1963 through December 31, 1968).

These calculations shall be rounded to the nearest whole ton.

Step 12 - Determine, in accordance with Part VI of this Appendix "D", the total pounds of U_3O_8 in raw ore mined from the lands described in Subpart A and Subpart B of Part 1 of Appendix "A" for the following separate plants:

- a. Shiprock plant (for the period from March 1, 1963 through December 31, 1968).
- b. Durango plant (for the period from January 1, 1963 through December 31, 1968).
- c. Naturita concentrator (for the period from January 1, 1963 through December 31, 1968).

These calculations shall be rounded to the nearest whole pound.

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Step 13 - Determine, in accordance with Part VI of this Appendix "D", the total pounds of U_3O_8 contained in the upgraded product produced in the Monument Valley Upgrader during the period from January 1, 1963 through December 31, 1968 for the following separate plants. These calculations shall be rounded to the nearest whole pound.

- a. Shiprock plant.
- b. Durango plant.

Step 14 - Determine, in accordance with Part VI of this Appendix "D", the total pounds of U_3O_8 contained in the upflow batch leach product produced in the upflow batch leach plant during the period from January 1, 1963 through December 31, 1968. This calculation shall be rounded to the nearest whole pound.

Step 15 - Determine, in accordance with Part VI of this Appendix "D", the total pounds of U_3O_8 in concentrate produced in the Shiprock plant during the period from March 1, 1963 through December 31, 1968. This calculation shall be rounded to the nearest whole pound.

Step 16 - Determine, in accordance with Part VI of this Appendix "D", the total pounds of U_3O_8 contained in the Homestake-Sapin vanadium liquor fed to process in the Shiprock plant during the period from March 1, 1963 through December 31, 1968. This calculation shall be rounded to the nearest whole pound.

Step 17 - Determine, in accordance with Part VI of this Appendix "D", the total pounds of V_2O_5 in raw ore mined from the lands described in Subpart A and Subpart B of Part 1 of Appendix "A" for the following separate plants:

- a. Shiprock plant (for the period from March 1, 1963 through December 31, 1968).
- b. Durango plant (for the period from January 1, 1963 through December 31, 1968).
- c. Naturita concentrator (for the period from January 1, 1963 through December 31, 1968).

These calculations shall be rounded to the nearest whole pound.

Step 18 - Determine, in accordance with Part VI of this Appendix "D", the total pounds of V_2O_5 contained in the upgraded product produced in the Monument Valley upgrader during the period from January 1, 1963 through December 31, 1968 for the following separate plants:

- a. Shiprock plant.
- b. Durango plant.

These calculations shall be rounded to the nearest whole pound.

Step 19 - Determine, in accordance with Part VI of this Appendix "D", the total pounds of V_2O_5 contained in the upflow batch leach product produced in the U.F.B.L. plant during the period from January 1, 1963 through December 31, 1968. This calculation shall be rounded to the nearest whole pound.

Step 20 - Determine, in accordance with Part VI of this Appendix "D", the total pounds of V_2O_5 in concentrate produced in the Shiprock plant during the period from March 1, 1963 through December 31, 1968. This calculation shall be rounded to the nearest whole pound.

Step 21 - Determine, in accordance with Part VI of this Appendix "D", the total pounds of V_2O_5 contained in the Homestake-Sapin vanadium liquor fed to process in the Shiprock plant during the period from March 1, 1963 through December 31, 1968. This calculation shall be rounded to the nearest whole pound.

Subpart B - Milling Costs

Section 1 - Common Milling Costs, Common Upgrading Costs, Common Concentrating Costs, and Common Upflow Batch Leaching Costs
Applicable to Part 1 - Appendix "A" Ores

Shiprock Plant

Step 1 - Ore Receiving, Sampling, Millfeed Stockpiling, and Crushing Costs

Substep 1a - Determine the total allowable milling costs of ore receiving, sampling, millfeed stockpiling and crushing (account #CCL-A1) as hereinbefore provided for in this Appendix "D", incurred by the Contractor during the period from March 1, 1963 through December 31, 1968.

Substep 1b - Determine the costs of the following elements or functions to the extent such elements or functions are included in Subpart B, Section 1, Substep 1a, above.

- (i) Depreciation or amortization of tangible or intangible assets.
- (ii) Bad debts.
- (iii) Losses on sale or other disposition of assets.

Substep 1c - Subtract the total obtained under Subpart B, Section 1, Substep 1b, above, from the total obtained under Subpart B, Section 1, Substep 1a, above.

Substep 1d - Add the results obtained under the following steps:

- (i) Subpart A, Step 1
- (ii) Subpart A, Step 9

Substep 1e - Divide the result obtained under Subpart B, Section 1, Substep 1c, by the result obtained under Subpart B, Section 1, Substep 1d. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).

Substep 1f - Multiply the result obtained under Subpart B, Section 1, Substep 1e by the result obtained under Subpart A, Substep 8a. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Substep 1g - Divide the result obtained under Subpart B, Section 1, Substep 1b by the result obtained under Subpart B, Section 1, Substep 1d. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).

Substep 1h - Multiply the result obtained under Subpart B, Section 1, Substep 1g by the result obtained under Subpart A, Substep 8a. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Step 2 - Grinding Costs

Substep 2a - Determine the total allowable milling costs of grinding (account #CC2-A2) as hereinbefore provided for in this Appendix "D", incurred by the Contractor during the period from March 1, 1963 through December 31, 1968.

Substep 2b - Determine the costs of the following elements or functions to the extent such elements or functions are included in Subpart B, Section 1, Substep 2a, above.

- (i) Depreciation or amortization of tangible or intangible assets.
- (ii) Bad debts.
- (iii) Losses on sale or other disposition of assets.

Substep 2c - Subtract the total obtained under Subpart B, Section 1, Substep 2b, above, from the total obtained under Subpart B, Section 1, Substep 2a, above.

Substep 2d - Add the results obtained under the following steps:

- (i) Subpart A, Step 2
- (ii) Subpart A, Substep 3a
- (iii) Subpart A, Step 9

Substep 2e - Divide the result obtained under Subpart B, Section 1, Substep 2c by the result obtained under Subpart B, Section 1, Substep 2d. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).

Substep 2f - Add the results obtained under the following steps:

- (i) Subpart A, Substep 6a
- (ii) Subpart A, Substep 8a

Substep 2g - Multiply the result obtained under Subpart B, Section 1, Substep 2e, by the result obtained under Subpart B, Section 1, Substep 2f. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Substep 2h - Divide the result obtained under Subpart B, Section 1, Substep 2b by the result obtained under Subpart B, Section 1, Substep 2d. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).

Substep 2i - Multiply the result obtained under Subpart B, Section 1, Substep 2h by the result obtained under Subpart B, Section 1, Substep 2f. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Step 3 - Leaching and Washing and General Mill Costs

Substep 3a - Determine the total allowable milling costs of leaching and washing (account #CC3-A3) and general mill as here-inbefore provided for in this Appendix "D", incurred by the Contractor during the period from March 1, 1963 through December 31, 1968.

Substep 3b - Determine the costs of the following elements or functions to the extent such elements or functions are included in Subpart B, Section 1, Substep 3a, above.

- (i) Depreciation or amortization of tangible or intangible assets.
- (ii) Bad debts.
- (iii) Losses on sale or other disposition of assets.

Substep 3c - Subtract the total obtained under Subpart B, Section 1, Substep 3b, above, from the total obtained under Subpart 3, Section 1, Substep 3a, above.

Substep 3d - Add the results obtained under the following steps:

- (i) Subpart A, Substep 3a
- (ii) Subpart A, Step 4
- (iii) Subpart A, Substep 5a
- (iv) Subpart A, Step 9

Substep 3e - Divide the result obtained under Subpart B, Section 1, Substep 3c by the result obtained under Subpart B, Section 1, Substep 3d. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).

Substep 3f - Add the results obtained under the following steps:

- (i) Subpart A, Substep 6a
- (ii) Subpart A, Step 7
- (iii) Subpart A, Substep 8a

Substep 3g - Multiply the result obtained under Subpart B, Section 1, Substep 3e by the result obtained under Subpart B, Section 1, Substep 3f. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Substep 3h - Divide the result obtained under Subpart B, Section 1, Substep 3b by the result obtained under Subpart B, Section 1, Substep 3d. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).

Substep 3i - Multiply the result obtained under Subpart B, Section 1, Substep 3h by the result obtained under Subpart B, Section 1, Substep 3f. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Step 4 - SO₂ Reduction Costs

Substep 4a - Determine the total allowable milling costs of SO₂ reduction (account #CC4-B) as hereinbefore provided for in this Appendix "D", incurred by the Contractor during the period from March 1, 1963 through December 31, 1968.

Substep 4b - Determine the costs of the following elements or functions to the extent such elements or functions are included in Subpart B, Section 1, Substep 4a, above.

- (i) Depreciation or amortization of tangible or intangible assets.
- (ii) Bad debts.
- (iii) Losses on sale or other disposition of assets.

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- Substep 4c - Subtract the total obtained under Subpart B, Section 1, Substep 4b, above, from the total obtained under Subpart B, Section 1, Substep 4a, above.
- Substep 4d - Divide the result obtained under Subpart B, Section 1, Substep 4c by the result obtained under Subpart A, Step 15. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).
- Substep 4e - Multiply the result obtained under Subpart B, Section 1, Substep 4d by the "average mill recovery" experienced in the Shiprock plant for U_3O_8 during the period from March 1, 1963 through December 31, 1968, as such recovery is determined in accordance with Part VI of this Appendix "D" and identified as Recovery No. 1 in said Part VI. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).
- Substep 4f - Add the results obtained under the following steps:
- (i) Subpart A, Substep 12a
 - (ii) Subpart A, Substep 13a
 - (iii) Subpart A, Step 14
- Substep 4g - Multiply the result obtained under Subpart B, Section 1, Substep 4e by the result obtained under Subpart B, Section 1, Substep 4f. This calculation shall be rounded to the nearest whole dollar (\$1.00).
- Substep 4h - Divide the result obtained under Subpart B, Section 1, Substep 4b by the result obtained under Subpart A, Step 15. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).
- Substep 4i - Multiply the result obtained under Subpart B, Section 1, Substep 4h by the "average mill recovery" experienced in the Shiprock plant for U_3O_8 during the period from March 1, 1963 through December 31, 1968, as such

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recovery is determined in accordance with Part VI of this Appendix "D" and identified as Recovery No. 1 in said Part VI. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).

Substep 4j - Multiply the result obtained under Subpart B, Section 1, Substep 4i by the result obtained under Subpart B, Section 1, Substep 4f. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Durango Plant and Naturita Concentrator

Step 5 - Durango Plant Milling Costs and Naturita Concentrator Concentrating Costs

Substep 5a - Determine the total allowable Durango plant milling costs and Naturita concentrator concentrating costs as hereinbefore provided for in this Appendix "D", incurred by the Contractor during the period from January 1, 1963 through December 31, 1968.

Substep 5b - Determine the costs of the following elements or functions to the extent such elements or functions are included in Subpart B, Section 1, Substep 5a, above.

(i) Depreciation or amortization of tangible or intangible assets.

(ii) Bad debts.

(iii) Losses on sale or other disposition of assets.

Substep 5c - Subtract the total obtained under Subpart B, Section 1, Substep 5b, above, from the total obtained under Subpart B, Section 1, Substep 5a, above.

Substep 5d - Add the results obtained under the following steps:

(i) Subpart A, Substep 3b

(ii) Subpart A, Substep 5b

(iii) Subpart A, Substep 5c

(iv) Subpart A, Step 10

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Substep 5e - Divide the result obtained under Subpart B, Section 1, Substep 5c by the result obtained under Subpart B, Section 1, Substep 5d. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).

Substep 5f - Add the results obtained under the following steps:

- (i) Subpart A, Substep 6b
- (ii) Subpart A, Substep 8b
- (iii) Subpart A, Substep 8c

Substep 5g - Multiply the result obtained under Subpart B, Section 1, Substep 5e by the result obtained under Subpart B, Section 1, Substep 5f. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Substep 5h - Divide the result obtained under Subpart B, Section 1, Substep 5b by the result obtained under Subpart B, Section 1, Substep 5d. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).

Substep 5i - Multiply the result obtained under Subpart B, Section 1, Substep 5h by the result obtained under Subpart B, Section 1, Substep 5f. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Monument Valley Upgrader, Upflow Batch Leach Plant, and Mining Costs for Mining Unit No. 66

Step 6 - Upgrading Costs, Upflow Batch Leaching Costs, and Mining Costs for Mining Unit No. 66

Substep 6a - Determine the total allowable costs of upgrading, upflow batch leaching, and mining costs for Mining Unit No. 66, as hereinbefore provided for in this Appendix "D", incurred by the Contractor during the period from January 1, 1963 through December 31, 1968.

Substep 6b - Determine the costs of the following elements or functions to the extent such elements or functions are included in Subpart B, Section 1, Substep 6a, above.

- (i) Depreciation or amortization of tangible or intangible assets.
- (ii) Bad debts.
- (iii) Losses on sale or other disposition of assets.

Substep 6c - Determine the cost of the allowance for royalties, exploration costs, surface drilling costs, and costs incurred for acquisition of royalties, mining rights, mining leases, and/or mining claims (as such allowance is provided for under paragraph 8 of the Introduction to this Appendix "D") to the extent such costs are included in Subpart B, Section 1, Substep 6a, above.

Substep 6d - Add the results obtained under Subpart B, Section 1, Substep 6b and Subpart B, Section 1, Substep 6c and subtract the total thus obtained from the total obtained under Subpart B, Section 1, Substep 6a, above.

Section 2 - Uranium Milling Costs (Except Common Milling Costs)
Applicable to Part 1 - Appendix "A" Ores

Shiprock Plant

Step 1 - U₃O₈ SX Costs

Substep 1a - Determine the total allowable milling costs of U₃O₈ SX (account #CC5-C) as hereinbefore provided for in this Appendix "D", incurred by the Contractor during the period from March 1, 1963 through December 31, 1968.

Substep 1b - Determine the costs of the following elements or functions to the extent such elements or functions are included in Subpart B, Section 2, Substep 1a, above.

- (i) Depreciation or amortization of tangible or intangible assets.
- (ii) Bad debts.
- (iii) Losses on sale or other disposition of assets.

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- Substep 1c - Subtract the total obtained under Subpart B, Section 2, Substep 1b, above, from the total obtained under Subpart B, Section 2, Substep 1a, above.
- Substep 1d - Divide the result obtained under Subpart B, Section 2, Substep 1c by the result obtained under Subpart A, Step 15. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).
- Substep 1e - Multiply the result obtained under Subpart B, Section 2, Substep 1d by the "average mill recovery" experienced in the Shiprock plant for U_3O_8 during the period from March 1, 1963 through December 31, 1968, as such recovery is determined in accordance with Part VI of this Appendix "D" and identified as Recovery No. 1 in said Part VI. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).
- Substep 1f - Multiply the result obtained under Subpart B, Section 2, Substep 1e by the result obtained under Subpart B, Section 1, Substep 4f. This calculation shall be rounded to the nearest whole dollar (\$1.00).
- Substep 1g - Divide the result obtained under Subpart B, Section 2, Substep 1b by the result obtained under Subpart A, Step 15. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).
- Substep 1h - Multiply the result obtained under Subpart B, Section 2, Substep 1g by the "average mill recovery" experienced in the Shiprock plant for U_3O_8 during the period from March 1, 1963 through December 31, 1968, as such recovery is determined in accordance with Part VI of this Appendix "D" and identified as Recovery No. 1 in said Part VI. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).
- Substep 1i - Multiply the result obtained under Subpart B, Section 2, Substep 1h by the result obtained under Subpart B, Section 1, Substep 4f. This calculation shall be rounded to the nearest whole dollar (\$1.00).

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Step 2 - U₃O₈ Precipitation, Filtering, Drying, Packaging, and
Transportation Costs

- Substep 2a - Determine the total allowable milling costs of U₃O₈ precipitation, filtering, drying, packaging, and transportation (account No. CC6-C and CC7-C) as hereinbefore provided for in this Appendix "D", incurred by the Contractor during the period from March 1, 1963 through December 31, 1968.
- Substep 2b - Determine the costs of the following elements or functions to the extent such elements or functions are included in Subpart B, Section 2, Substep 2a, above.
- (i) Depreciation or amortization of tangible or intangible assets.
 - (ii) Bad debts.
 - (iii) Losses on sale or other disposition of assets.
- Substep 2c - Subtract the total obtained under Subpart B, Section 2, Substep 2b, above, from the total obtained under Subpart B, Section 2, Substep 2a, above.
- Substep 2d - Divide the result obtained under Subpart B, Section 2, Substep 2c by the result obtained under Subpart A, Step 15. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).
- Substep 2e - Multiply the result obtained under Subpart B, Section 2, Substep 2d by the "average mill recovery" experienced in the Shiprock plant for U₃O₈ during the period from March 1, 1963 through December 31, 1968, as such recovery is determined in accordance with Part VI of this Appendix "D" and identified as Recovery No. 1 in said Part VI. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).
- Substep 2f - Multiply the result obtained under Subpart B, Section 2, Substep 2e by the result obtained under Subpart B, Section 1, Substep 4f. This calculation shall be rounded to the nearest whole dollar (\$1.00).

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Substep 2g - Divide the result obtained under Subpart B, Section 2, Substep 2b by the result obtained under Subpart A, Step 15. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).

Substep 2h - Multiply the result obtained under Subpart B, Section 2, Substep 2g by the "average mill recovery" experienced in the Shiprock plant for U_3O_8 during the period from March 1, 1963 through December 31, 1968, as such recovery is determined in accordance with Part VI of this Appendix "D" and identified as Recovery No. 1 in said Part VI. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).

Substep 2i - Multiply the result obtained under Subpart B, Section 2, Substep 2h by the result obtained under Subpart B, Section 1, Substep 4f. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Step 3 - Tailings Costs

Substep 3a - Determine the total allowable milling costs of tailings (account No. CC11-A⁴) as hereinbefore provided for in this Appendix "D", incurred by the Contractor during the period from March 1, 1963 through December 31, 1968.

Substep 3b - Determine the costs of the following elements or functions to the extent such elements or functions are included in Subpart B, Section 2, Substep 3a, above.

- (i) Depreciation or amortization of tangible or intangible assets.
- (ii) Bad debts.
- (iii) Losses on sale or other disposition of assets.

Substep 3c - Subtract the total obtained under Subpart B, Section 2, Substep 3b, above, from the total obtained under Subpart B, Section 2, Substep 3a, above.

Substep 3d - Divide the result obtained under Subpart B, Section 2, Substep 3c by the result obtained under Subpart B, Section 1, Substep 3d. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).

Substep 3e - Multiply the result obtained under Subpart B, Section 2, Substep 3d by the result obtained under Subpart B, Section 1, Substep 3f. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Substep 3f - Divide the result obtained under Subpart B, Section 2, Substep 3b by the result obtained under Subpart B, Section 1, Substep 3d. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).

Substep 3g - Multiply the result obtained under Subpart B, Section 2, Substep 3f by the result obtained under Subpart B, Section 1, Substep 3f. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Section 3 - Vanadium Milling Costs (Except Common Milling Costs)
Applicable to Part 1 - Appendix "A" Ores

Shiprock Plant

Step 1 - V₂O₅ SX Costs

Substep 1a - Determine the total allowable milling costs of V₂O₅ SX (account #CC8-D) as hereinbefore provided for in this Appendix "D", incurred by the Contractor during the period from March 1, 1963 through December 31, 1968.

Substep 1b - Multiply the result obtained under Subpart A, Step 21 by ninety-five percent (95%) and subtract the result thus obtained from the result obtained under Subpart A, Step 20. This calculation shall be rounded to the nearest whole pound.

Substep 1c - Divide the result obtained under Subpart B, Section 3, Substep 1a by the result obtained under Subpart B, Section 3, Substep 1b. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).

Substep 1d - Multiply the result obtained under Subpart B, Section 3, Substep 1c by the "average mill recovery" experienced in the Shiprock plant for V₂O₅ during the period from March 1, 1963 through December 31, 1968, as such

recovery is determined in accordance with Part VI of this Appendix "D" and identified as Recovery No. 2 in said Part VI. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).

Substep 1e - Add the results obtained under the following steps:

- (i) Subpart A, Substep 17a
- (ii) Subpart A, Substep 18a
- (iii) Subpart A, Step 19

Substep 1f - Multiply the result obtained under Subpart B, Section 3, Substep 1d by the result obtained under Subpart B, Section 3, Substep 1e. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Step 2 - V₂O₅ Precipitation, Filtering, Drying, Packaging, Fusion,
Freight Costs, and Recast Vanadium Reprocessing Costs

Substep 2a - Determine the total allowable milling costs of V₂O₅ precipitation, filtering, drying, packaging, fusion, freight costs (accounts #CC9-E and CC10-E), and recast vanadium reprocessing costs as hereinbefore provided for in this Appendix "D", incurred by the Contractor during the period from March 1, 1963 through December 31, 1968. Divide the result thus obtained by the result obtained under Subpart A, Step 20. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).

Substep 2b - Multiply the result obtained under Subpart B, Section 3, Substep 2a by the "average mill recovery" experienced in the Shiprock plant for vanadium during the period from March 1, 1963 through December 31, 1968, as such recovery is determined in accordance with Part VI of this Appendix "D" and identified as Recovery No. 2 in said Part VI. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).

Substep 2c - Multiply the result obtained under Subpart B, Section 3, Substep 2b by the result obtained under Subpart B, Section 3, Substep 1e. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Section 4 - Ratio of Uranium Profit (Before Common Costs) to Total Profit (Before Common Costs) for Uranium and Vanadium

Step 1 - Add the results obtained under the following steps:

- a. Subpart A, Substep 12a
- b. Subpart A, Substep 12b
- c. Subpart A, Substep 12c
- d. Subpart A, Substep 13a
- e. Subpart A, Substep 13b
- f. Subpart A, Step 14

Multiply the result thus obtained by the "average mill recovery" experienced in the plant for U_3O_8 during the period from January 1, 1963 through December 31, 1968, as such recovery is determined in accordance with Part VI of this Appendix "D" and identified as Recovery No. 3 in said Part VI. This calculation shall be rounded to the nearest whole pound.

Step 2 -

Substep 2a - Determine the pounds of U_3O_8 in concentrate derived from ores mined from lands described in Part 1 of Appendix "A" and sold by the Contractor to the Commission for the period from January 1, 1963 through December 31, 1968, as determined pursuant to paragraph e. of Part 1 of Appendix "A" and from the result thus obtained subtract the pounds of U_3O_8 in concentrate included in such result which are applicable to ores mined from Subpart C of Part 1 of Appendix "A".

Substep 2b - Determine the pounds of U_3O_8 in concentrate derived from ores mined from lands described in Part 1 of Appendix "A" and sold by the Contractor to purchasers other than the Commission during the period from January 1, 1963 through December 31, 1968.

Substep 2c - Add the results obtained under the following steps:

- (i) Subpart B, Section 4, Substep 2a
- (ii) Subpart B, Section 4, Substep 2b

Subtract the result thus obtained from the result obtained under Subpart B, Section 4, Step 1. If,

and only if, the result thus obtained is a positive number, multiply such result by \$6.70. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Step 3 -

Substep 3a - Determine the lesser of (i) the result obtained under Subpart B, Section 4, Step 1 or (ii) the result obtained under Subpart B, Section 4, Substep 2a and multiply the result thus obtained by \$8.00 per pound.

Substep 3b - If, and only if, a positive number is derived as a result of the subtraction provided for under Subpart B, Section 4, Substep 2c, determine the amount realized by the Contractor for the pounds of U_3O_8 in concentrate represented in Subpart B, Section 4, Substep 2b.

Substep 3c - If, and only if, the number obtained under Subpart B, Section 4, Step 1 is between (i) the result obtained under Subpart B, Section 4, Substep 2a and (ii) the result obtained by adding the results obtained under Subpart B, Section 4, Substep 2a and Subpart B, Section 4, Substep 2b, the following calculations shall be made:

(i) Determine the amount by which (a) exceeds (b) where (a) equals the result obtained under Subpart B, Section 4, Step 1 and (b) equals the result obtained under Subpart B, Section 4, Substep 2a.

(ii) Multiply the result thus obtained under (i), immediately above, by the average sales price per pound of U_3O_8 in concentrate realized by the Contractor for the pounds of U_3O_8 in concentrate represented in Subpart B, Section 4, Substep 2b.

Substep 3d - Add the results obtained under the following steps:

- (i) Subpart B, Section 4, Substep 2c
- (ii) Subpart B, Section 4, Substep 3a
- (iii) Subpart B, Section 4, Substep 3b
- (iv) Subpart B, Section 4, Substep 3c

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Step 4 -

Substep 4a - Add the results obtained under the following steps:

- (i) Subpart B, Section 2, Substep 1f
- (ii) Subpart B, Section 2, Substep 2f
- (iii) Subpart B, Section 2, Substep 3e

Substep 4b - Add the results obtained under the following steps:

- (i) Subpart B, Section 2, Substep 1i
- (ii) Subpart B, Section 2, Substep 2i
- (iii) Subpart B, Section 2, Substep 3g

Substep 4c - Add the results obtained under the following steps:

- (i) Subpart B, Section 4, Substep 4a
- (ii) Subpart B, Section 4, Substep 4b

Step 5 - Subtract the result obtained under Subpart B, Section 4, Substep 4c from the result obtained under Subpart B, Section 4, Substep 3d.

Step 6 - Add the results obtained under the following steps:

- a. Subpart A, Substep 17a
- b. Subpart A, Substep 17b
- c. Subpart A, Substep 17c
- d. Subpart A, Substep 18a
- e. Subpart A, Substep 18b
- f. Subpart A, Step 19

Multiply the result thus obtained by the "average mill recovery" experienced in the plant for V_2O_5 during the period from January 1, 1963 through December 31, 1968, as such recovery is determined in accordance with Part VI of this Appendix "D" and identified as Recovery No. 4 in said Part VI. This calculation shall be rounded to the nearest whole pound. Multiply the result thus obtained by the "average value per pound of vanadium" as such average

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value is determined in accordance with Part VI of this Appendix "D". This calculation shall be rounded to the nearest whole dollar (\$1.00).

Step 7 - Add the results obtained under the following steps:

- a. Subpart B, Section 3, Substep 1f
- b. Subpart B, Section 3, Substep 2c

Step 8 - Subtract the result obtained under Subpart B, Section 4, Step 7 from the result obtained under Subpart B, Section 4, Step 6.

Step 9 - Add the results obtained under the following steps:

- a. Subpart B, Section 4, Step 5
- b. Subpart B, Section 4, Step 8

Divide the result thus obtained into the result obtained under Subpart B, Section 4, Step 5. This calculation shall be rounded to the nearest one-thousandth of one percent (0.001%).

Section 5 - Accumulation of Milling Costs, Upgrading Costs, Concentrating Costs, and Upflow Batch Leaching Applicable to Uranium - Part 1 - Appendix "A" Ores

Step 1 - Add the results obtained under the following steps:

- a. Subpart B, Section 1, Substep 1f
- b. Subpart B, Section 1, Substep 2g
- c. Subpart B, Section 1, Substep 3g
- d. Subpart B, Section 1, Substep 4g
- e. Subpart B, Section 1, Substep 5g
- f. Subpart B, Section 1, Substep 6d

Step 2 - Multiply the result obtained under Subpart B, Section 5, Step 1 by the result obtained under Subpart B, Section 4, Step 9. This calculation shall be rounded to the nearest whole dollar (\$1.00).

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Step 3 - Add the results obtained under the following steps:

- a. Subpart B, Section 1, Substep 1h
- b. Subpart B, Section 1, Substep 2i
- c. Subpart B, Section 1, Substep 3i
- d. Subpart B, Section 1, Substep 4j
- e. Subpart B, Section 1, Substep 5i
- f. Subpart B, Section 1, Substep 6b

Step 4 - Multiply the result obtained under Subpart B, Section 5, Step 3 by the result obtained under Subpart B, Section 4, Step 9. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Step 5 - Add the results obtained under the following steps:

- a. Subpart B, Section 4, Substep 4a
- b. Subpart B, Section 5, Step 2

Step 6 - Add the results obtained under the following steps:

- a. Subpart B, Section 1, Substep 6c
- b. Subpart B, Section 4, Substep 4b
- c. Subpart B, Section 5, Step 4

Subpart C - Mining Costs for Raw Ore

Step 1 - Determine the total allowable mining costs for raw ore as hereinbefore provided for in this Appendix "D", incurred by the Contractor during the period from January 1, 1963 through December 31, 1968.

Step 2 - Determine the cost of the following elements or functions to the extent such elements or functions are included in Subpart C, Step 1:

Substep 2a - Depreciation or amortization of tangible or intangible assets.

Substep 2b - Bad debts.

Substep 2c - Losses on sale or other disposition of assets.

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Substep 2d - Add the results obtained under Substeps 2a, 2b, and 2c of this Step 2.

Substep 2e - Allowance for royalties, exploration costs, surface drilling costs, and costs incurred for acquisition of royalties, mining rights, mining leases and/or mining claims, as such allowance is provided for under subpart A of Part III of this Appendix "D".

Substep 2f - Add the results obtained under Substeps 2d and 2e of this Step 2.

Step 3 - Subtract the result obtained under Subpart C, Substep 2f from the result obtained under Subpart C, Step 1.

Step 4 - Multiply the result obtained under Subpart C, Step 3 by the result obtained under Subpart B, Section 4, Step 9. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Step 5 - Multiply the result obtained under Subpart C, Substep 2d by the result obtained under Subpart B, Section 4, Step 9. Add the result thus obtained to the result obtained under Subpart C, Substep 2e. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Subpart D - Haulage Costs of Raw Ore

Step 1 - Determine the total allowable haulage costs of raw ore, as hereinbefore provided for in this Appendix "D", incurred by the Contractor during the period from January 1, 1963 through December 31, 1968.

Step 2 - Determine the cost of the following elements or functions to the extent such elements or functions are included in Subpart D, Step 1:

- a. Depreciation or amortization of tangible of intangible assets.
- b. Bad debts.
- c. Losses on sale or other disposition of assets.

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Step 3 - Subtract the result obtained under Subpart D, Step 2 from the result obtained under Subpart D, Step 1.

Step 4 - Add the results obtained under the following steps:

- a. Subpart A, Substep 11a
- b. Subpart A, Substep 11b
- c. Subpart A, Substep 11c

Step 5 - Divide the result obtained under Subpart D, Step 3 by the result obtained under Subpart D, Step 4. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).

Step 6 - Add the results obtained under the following steps:

- a. Subpart A, Substep 8a
- b. Subpart A, Substep 8b
- c. Subpart A, Substep 8c

Step 7 - Multiply the result obtained under Subpart D, Step 6 by the result obtained under Subpart D, Step 5. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Step 8 - Multiply the result obtained under Subpart D, Step 7 by the result obtained under Subpart B, Section 4, Step 9. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Step 9 - Divide the result obtained under Subpart D, Step 2 by the result obtained under Subpart D, Step 4. This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).

Step 10 - Multiply the result obtained under Subpart D, Step 9 by the result obtained under Subpart D, Step 6. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Step 11 - Multiply the result obtained under Subpart D, Step 10 by the result obtained under Subpart B, Section 4, Step 9. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Subpart E - Escalation

Step 1 - Add the results obtained under the following steps:

- a. Subpart B, Section 5, Step 5
- b. Subpart C, Step 4
- c. Subpart D, Step 8

Step 2 - For the purpose of adjusting the result obtained under Subpart E, Step 1 to reflect increases or decreases in the cost of mining and milling uranium ore during the period from January 1, 1963 through December 31, 1968, the Commission and the Contractor agree to employ, as an index to such increases or decreases, the monthly "Wholesale Price Index for All Commodities (1957 - 1959 = 100)" (hereinafter called the "Index") issued by the Bureau of Labor Statistics of the United States Department of Labor (hereinafter called the "Bureau").

It is expressly understood between the Commission and the Contractor that the Bureau issues preliminary index numbers subject to later or final revised figures; therefore, the parties shall accept as final for purposes of the calculations herein provided, the Index as published for the first time following the original publication (for example, the Index for January 1963 = 100.5); provided, however, should the Bureau shift the wholesale price indexes from the 1957-1959 base period to a different base period, the Commission and the Contractor agree to the use of rebasing factors published by the Bureau for converting the 1957-1959 base to a later base.

In accordance with the above, the following procedures will be used for the purpose of escalating the result obtained under Subpart E, Step 1:

Substep 2a - Determine the Index for each month of each year during the period of this contract from January 1, 1963 through December 31, 1968. Add such indexes for each such month and divide the result thus obtained by seventy-two (72). This calculation shall be rounded to the nearest one-hundredth of one point (0.01).

B. Pricing Arrangements for 1969 and 1970 Before Audits Are Completed
for Period from January 1, 1963 through December 31, 1968

The unit price per pound of contained U_3O_8 delivered to the Commission specified in paragraph 2 of Article V of this contract will be computed in accordance with the provisions of this Appendix "D"; however, the total allowable production costs cannot be ascertained until some time subsequent to December 31, 1968. Therefore, until such costs have been ascertained by the Commission, the 1969-1970 price will be computed on the basis of all such costs which have been ascertained by the Commission from audits performed by the Contractor's accounting firm, referred to in subpart A.2, above, and the Commission; provided, however, that such prices shall be adjusted as costs for later periods are ascertained through completed audits, and further provided that at the time of any such adjustments and upon the final ascertainment by the Commission of total allowable production costs, if it is determined (i) that interim payments under these provisions exceed the total amount due, the amount of such overpayment shall be refunded by the Contractor to the Commission or applied in the reduction of amounts otherwise due the Contractor, as the Commission may direct, or (ii) that interim payments under this provision are less than the total amount due, the amount of such underpayment shall be made promptly by the Commission to the Contractor upon receipt of the Contractor's properly certified invoice.

C. Production of By-Products or Co-Products

The Commission and the Contractor agree that if, at any time during the period of this contract from January 1, 1963 through December 31, 1968, the Contractor should desire to recover or produce a by-product or a co-product other than vanadium (such as molybdenum or copper) in the plant, the Commission and the Contractor shall reach agreement on an appropriate modification of the cost principles in this Appendix "D" to provide for the accounting treatment of costs under such circumstances. Such modification shall, unless otherwise agreed upon by the parties, be based on the procedures herein provided for on the recovery of vanadium in the plant.

D. Inventories

The Contractor shall use (i) generally accepted accounting principles, consistently applied, and (ii) methods satisfactory to the Commission for the determination of quantities and costs (only as applicable) of the beginning and ending inventories, including, but not limited to, the following:

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Substep 2b - Determine the Index for each month of calendar year 1968. Add such indexes for each such month and divide the result thus obtained by twelve (12). This calculation shall be rounded to the nearest one-hundredth of one point (0.01).

In the event that the Index referred to ceases to be available or becomes inapplicable for any reason, the Contractor and the Commission will negotiate to establish some other price index for the purposes of the calculations under this Subpart E, Step 2. In the meantime, all calculations under this Part V of Appendix "D" shall be made without regard to the calculations provided for under Subpart E, Step 2 and Subpart E, Step 3 and by substituting the result obtained under Subpart E, Step 1 for the calculation provided for under Subpart E, Step 3; subject to retroactive adjustment on the basis of the new price index that is established. In the event the parties fail to reach an agreement on an applicable index, the matter shall constitute a dispute to be decided in accordance with the Article of this contract entitled "Disputes."

Step 3 - Multiply the result obtained under Subpart E, Step 1 by the following ratio:

$$\frac{\text{Result obtained under Subpart E, Substep 2b}}{\text{Result obtained under Subpart E, Substep 2a}}$$

The result of this calculation shall be rounded to the nearest whole dollar (\$1.00).

Subpart F - Final Price Determination

Step 1 - Add the results obtained under the following steps:

- a. Subpart B, Section 5, Step 6
- b. Subpart C, Step 5
- c. Subpart D, Step 11
- d. Subpart E, Step 3

- Step 2 - Divide the result obtained under Subpart F, Step 1 by the result obtained under Subpart B, Section 4, Step 1. The result of this calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).
- Step 3 - Multiply the result obtained under Subpart F, Step 2 by eighty-five percent (85%). The result of this calculation shall be rounded to the nearest one-tenth of one cent (\$0.001).
- Step 4 - Add one dollar and sixty cents (\$1.60) to the result obtained under Subpart F, Step 3, carrying the resulting total to the nearest one-tenth of one cent (\$0.001).
- Step 5 - The unit price specified in paragraph 2 of Article V of this contract shall be the lesser of (i) \$6.70 or (ii) the result obtained under Subpart F, Step 4.

Subpart G - Adjustments

The parties agree that if any changes occur in the present plant processing procedures which would affect the computations under this Part V, the procedures hereinbefore provided for in this Part V (and Part VI if applicable) shall be modified accordingly.

Part VI - Procedures for Determination of Production Quantities

All weights and samples, required for the data referred to in this Part VI shall be obtained in accordance with good and generally accepted practices to be set forth in detail in a letter of agreement between the parties prior to or upon execution of Modification No. 1 to Contract AT(05-1)-900.

A. Total Dry Tons of Raw Ore Handled in Shiprock Plant

During any period of this contract, the total dry tons of raw ore handled at the Shiprock plant shall consist of the total dry weight of the raw ore that is received, crushed and sampled in the Shiprock plant during such period.

B. Total Dry Tons of Raw Ore Fed to Process in Shiprock Plant

During any period of this contract, the total dry tons of raw ore fed to process in the Shiprock plant shall consist of the total dry weight of the raw ore that is introduced into the grinding circuit surge bin during such period.

C. Total Dry Tons of Upgraded Product Fed to Process in Shiprock Plant

During any period of this contract, the total dry tons of upgraded product fed to process in the Shiprock plant shall consist of the total dry weight of the upgraded product that is introduced into the grinding circuit surge bin during such period.

D. Total Dry Tons of Upgraded Product Fed to Process in Durango Plant

During any period of this contract, the total dry tons of upgraded product fed to process in the Durango plant shall consist of the total dry weight of the upgraded product that is introduced into the grinding circuit feed hopper during such period.

E. Total Dry Tons of Upflow Batch Leach Product Fed to Process in Shiprock Plant

During any period of this contract, the total dry tons of upflow batch leach product fed to process in the Shiprock plant shall consist of the total dry weight of such product that is introduced into the grinding circuit surge tank during such period.

F. Total Dry Tons of Raw Ore Processed in Shiprock Plant

During any period of this contract, the total dry tons of raw ore processed in the Shiprock plant shall consist of the total dry weight of the raw ore that is fed to process in the Shiprock plant as adjusted for the changes in the in-process inventory (only from the grinding circuit surge bin through the leaching and washing circuit) at the beginning and ending of such period.

G. Total Dry Tons of Raw Ore Processed in Durango Plant

During any period of this contract, the total dry tons of raw ore processed in the Durango plant shall consist of the total dry weight of the raw ore that is fed to process in the Durango plant as adjusted for the changes in the in-process inventory during such period.

H. Total Dry Tons of Raw Ore Processed in Naturita Concentrator

During any period of this contract, the total dry tons of raw ore processed in the Naturita concentrator shall consist of the total dry weight of the raw ore that is fed to process in the Naturita concentrator as adjusted for the changes in the in-process inventory during such period.

I. Total Dry Tons of Upgraded Product Produced for the Shiprock Plant

During any period of this contract, the total dry tons of upgraded product produced for the Shiprock plant shall consist of the total dry weight of upgraded product produced in the Contractor's Monument Valley upgrader during such period, less any portion of such material which is shipped to the Durango plant. Quantities shall be determined on the basis of final weights and assays in the Shiprock plant for such material.

J. Total Dry Tons of Upgraded Product Produced for the Durango Plant

During any period of this contract, the total dry tons of upgraded product produced for the Durango plant shall consist of the total dry weight of upgraded product shipped to the Durango plant during such period less the January 1, 1963 inventory of 46 dry tons. Quantities shall be determined on the basis of final weights and assays in the Durango plant for such material.

K. Total Dry Tons of Upflow Batch Leach Product Produced

During any period of this contract, the total dry tons of upflow batch leach product produced shall consist of the total dry weight of such material produced in the Contractor's Monument Valley upflow batch leach plant during such period. Quantities shall be determined on the basis of final weights and assays in the Shiprock plant for such product. The Contractor agrees that any such product on hand at December 31, 1968 which has not been fed to process in the Shiprock plant shall be physically segregated from all such product produced in the upflow batch leach plant subsequent to December 31, 1968, since such product on hand at December 31, 1968 shall be included in production prior to January 1, 1969 for purposes of this Appendix "D".

L. Dry Tons of Raw Ore Mined, Pounds of U_3O_8 in Raw Ore Mined, and Pounds of V_2O_5 in Raw Ore Mined

During any period of this contract, the dry tons of raw ore mined, the pounds of U_3O_8 in raw ore mined, and the pounds of V_2O_5 in raw ore mined from each separate mining unit listed in subpart B of Part III of this Appendix "D" for each of the plants (Shiprock, Durango and Naturita) shall be calculated separately for each such mining unit and each such plant as follows:

1. Determine the total weight in dry tons, total U_3O_8 content in pounds and total V_2O_5 content in pounds for the raw ore derived from each such mining unit which is weighed and sampled at each such plant during the period; provided that the ore which was derived from Mining Units Nos. 45, 69, 70, 71, 72, 73, 74, 75, 76, and 77 and weighed and sampled in the Shiprock plant prior to March 1, 1963 shall not be included in this calculation.
2. From the results obtained under 1, above, subtract the dry tons of raw ore, pounds of U_3O_8 , and pounds of V_2O_5 in inventory and in transit which were derived from each such mining unit and which had not been weighed and sampled at any of such plants at the beginning of such period. It is agreed that the unweighed and unsampled raw ore in inventory at January 1, 1963 was as follows:

Mining Unit No. 66 - 49 dry tons, 557 pounds of U_3O_8 in ore and 1,741 pounds of V_2O_5 in ore.

It is agreed that the unsampled raw ore in inventory at March 1, 1963 for such mining units was as follows:

- a. Mining Unit No. 71 - 351 dry tons, 1,282 pounds of U₃O₈ in ore and 9,428 pounds V₂O₅ in ore.
- b. Mining Unit No. 73 - 33 dry tons, 46 pounds of U₃O₈ in ore and 263 pounds V₂O₅ in ore.
- c. Mining Unit No. 75 - 159 dry tons, 510 pounds of U₃O₈ in ore and 2,391 pounds V₂O₅ in ore.
- d. Mining Unit No. 77 - 196 dry tons, 675 pounds of U₃O₈ in ore and 1,421 pounds V₂O₅ in ore.
- e. Mining Unit No. 79 - 74 dry tons, 206 pounds of U₃O₈ in ore and 1,824 pounds V₂O₅ in ore.

There were no stockpiles of raw ore for Mining Units Nos. 1 through 65, 67, 68, 69, 70, 72, 74, 76, 78 and 81 through 89.

It is further agreed that any stockpile of raw ore in inventory as of March 1, 1963, which is included in the above numbers for any mining unit, will be adjusted retroactively to a corrected quantity if such stockpile is not added to subsequent to March 1, 1963 and if such stockpile is sampled in the Shiprock plant prior to January 1, 1969. All such retroactive adjustments shall be based on the final weights and assays for such ore. Any change resulting from these corrections shall also result in an adjustment of the pounds of U₃O₈ in ore which are shown as "pounds of U₃O₈ in ore mined prior to January 1, 1963" or March 1, 1963 in the case of Mining Units Nos. 45, 69, 70, 71, 72, 73, 74, 75, 76, and 77 for the mining units listed in subpart B of Part III of Appendix "D".

- 3. Add (i) the dry tons, the pounds of U₃O₈, and the pounds of V₂O₅ contained in the raw ore in inventory and in transit which were derived from each such mining unit and which had not been sampled at the end of such period to (ii) the result obtained under 2, above, and the resulting total shall be the dry tons of raw ore, the pounds of U₃O₈ in raw ore and the pounds of V₂O₅ in raw ore mined during such period for each such plant.

The representatives of the Contractor and the Commission shall on or as of January 1, 1969, inventory such unsampled raw ores on hand and in transit and shall mutually agree upon an estimate of the number of dry tons and wet tons of raw ore, the pounds of U₃O₈ and the pounds of V₂O₅ contained therein.

Each stockpile of ore on hand December 31, 1968 derived from each such mining unit shall be included in this ending inventory of raw ore if, and only if, it can bear its full prorated share of allowable production costs for the total (i) U_3O_8 in concentrate, and (ii) the V_2O_5 in concentrate to be recovered from such stockpile in accordance with mill recoveries specified in subparts X and Y of this Part VI and still pay a profit (regardless of the amount) when compared to (i) the value of such U_3O_8 in concentrate based on the U_3O_8 selling price specified in paragraph 2 of Article V, plus (ii) the value of such V_2O_5 in concentrate based on the average price per pound of V_2O_5 in concentrate for calendar year 1968 as determined under subpart BB of this Part VI provided that no stockpile of raw ore or any portion thereof which is included in the March 1, 1963 inventories under paragraph 2 of this subpart L and remains on hand at December 31, 1968 shall be excluded from the ending inventory for any reason, and further provided that no stockpile of raw ore or any portion thereof which is excluded from the March 1, 1963 inventories under paragraph 2 of this subpart L, and remains on hand at December 31, 1968 shall be included in the ending inventory for any reason.

Such allowable production costs for the total (i) U_3O_8 in concentrate and (ii) V_2O_5 in concentrate for each stockpile of ore shall be computed on the following basis:

- a. Mining costs shall be that applicable amount determined under step 1, subpart C of Part V of this Appendix "D" for the mining unit from which such stockpile of ore was derived. Such costs as thus determined shall be divided by the total tons of raw ore mined during the period of this contract from January 1, 1963 through December 31, 1968, from such mining unit listed in subpart B of Part III of this Appendix "D" provided that, for purposes of this calculation, such total tons of raw ore shall contain the stockpile of ore in inventory at December 31, 1968, for which this calculation is being made. The mining cost per ton of raw ore thus obtained shall be rounded to the nearest one-tenth of one cent (\$0.001). The mining cost per ton of raw ore shall then be multiplied by the tons of raw ore contained in such stockpile and rounded to the nearest whole dollar (\$1.00).

- b. Haulage costs for such stockpile shall be computed by the use of the following calculations:
- (1) Determine in terms of the nearest whole mile the total distance from the stockpile, for which this calculation is being made, to the Shiprock plant.
 - (2) Multiply the total miles obtained under (1) above by four and five-tenths cents (\$0.045) and add twenty-five cents (\$0.25) to the result thus obtained. The final result shall be rounded to the nearest one-tenth of one cent (\$0.001).
 - (3) Determine the total wet tons of ore in the stockpile for which this calculation is being made in terms of the nearest whole tons.
 - (4) Multiply the result obtained under (2) above by the result obtained under (3) above and round the result thus obtained to the nearest whole dollar (\$1.00).
- c. Milling costs for such stockpile shall be based on the milling costs incurred in the Shiprock plant as follows:

(1) Shiprock Plant

Step (a) Add the following results:

- (i) Part V, Subpart B, Section 1, Substep 1e
- (ii) Part V, Subpart B, Section 1, Substep 1g
- (iii) Part V, Subpart B, Section 1, Substep 2e
- (iv) Part V, Subpart B, Section 1, Substep 2h
- (v) Part V, Subpart B, Section 1, Substep 3e
- (vi) Part V, Subpart B, Section 1, Substep 3h
- (vii) Part V, Subpart B, Section 2, Substep 3d
- (viii) Part V, Subpart B, Section 2, Substep 3f

Multiply the result thus obtained by the dry tons of ore contained in the stockpile for which this calculation is being made. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Step (b) Add the following results:

- (i) Part V, Subpart B, Section 1, Substep 4e
- (ii) Part V, Subpart B, Section 1, Substep 4i
- (iii) Part V, Subpart B, Section 2, Substep 1e
- (iv) Part V, Subpart B, Section 2, Substep 1h
- (v) Part V, Subpart B, Section 2, Substep 2e
- (vi) Part V, Subpart B, Section 2, Substep 2h

Multiply the result thus obtained by the pounds of U308 in ore contained in the stockpile for which this calculation is being made. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Step (c) Add the following results:

- (i) Part V, Subpart B, Section 3, Substep 1d
- (ii) Part V, Subpart B, Section 3, Substep 2b

Multiply the result thus obtained by the pounds of V205 in ore contained in the stockpile for which this calculation is being made. This calculation shall be rounded to the nearest whole dollar (\$1.00).

Step (d) Add the results obtained under the following steps for the Shiprock plant as follows:

- (i) Step (a)
- (ii) Step (b)
- (iii) Step (c)

The result thus obtained shall represent the milling costs in the Shiprock plant for the stockpile for which this calculation is being made.

M. Total Dry Tons of Boiler Residues, Cleanup Material, and Tailings Fed to Process in the Shiprock Plant

During any period of this contract, the total dry tons of boiler residues, cleanup material, and tailings fed to process in the Shiprock plant shall consist of the total dry weight of such material that is introduced into the grinding circuit surge bin during such period.

N. Total Dry Tons of Material Other Than Uranium Material Fed to Process in the Durango Plant

During any period of this contract, the total dry tons of material other than uranium material fed to process in the Durango plant shall consist of the total dry weight of such material that is introduced into the grinding circuit feed hopper during such period.

O. Total Dry Tons of Raw Ore Hauled to the Shiprock Plant

During the period from March 1, 1963 through December 31, 1968, the total dry tons of raw ore hauled to the Shiprock plant shall be the total dry tons of raw ore derived from the lands listed in Subpart A and Subpart B of Appendix "A" which are hauled to the Shiprock plant during such period, as based on final dry weights for such ore.

P. Total Dry Tons of Raw Ore Hauled to the Durango Plant

During any period of this contract, the total dry tons of raw ore hauled to the Durango plant shall be the total dry tons of raw ore derived from the lands listed in Subpart A and Subpart B of Appendix "A" which are hauled to the Durango plant during such period, as based on final dry weights for such ore.

Q. Total Dry Tons of Raw Ore Hauled to the Naturita Concentrator

During any period of this contract, the total dry tons of raw ore hauled to the Naturita concentrator shall be the total dry tons of raw ore derived from the lands listed in Subpart A and Subpart B of Appendix "A" which are hauled to the Naturita concentrator during such period, as based on final dry weights for such ore.

R. Total Pounds of U_3O_8 and V_2O_5 in Monument Valley Upgrader Product Produced for the Shiprock Plant

During the period from March 1, 1963 through December 31, 1968 of this contract, the total pounds of U_3O_8 and V_2O_5 in Monument Valley upgrader product produced for the Shiprock plant shall consist of the U_3O_8 and V_2O_5 contained in the result obtained under Subpart I of this Part VI.

S. Total Pounds of U_3O_8 and V_2O_5 in Monument Valley Upgrader Product Produced for the Durango Plant

During any period of this contract, the total pounds of U_3O_8 and V_2O_5 in Monument Valley upgrader product produced for the Durango plant shall consist of the U_3O_8 and V_2O_5 contained in the result obtained under subpart J of this Part VI.

T. Total Pounds of U_3O_8 and V_2O_5 Contained in the Upflow Batch Leach Product Produced in the Upflow Batch Leach Plant

During any period of this contract, the total pounds of U_3O_8 and V_2O_5 contained in the upflow batch leach product produced in the upflow batch leach plant shall consist of the U_3O_8 and V_2O_5 contained in the result obtained under subpart K of this Part VI.

U. Total Pounds of U_3O_8 in Concentrate Produced - Shiprock Plant (March 1, 1963 through December 31, 1968)

The total pounds of U_3O_8 produced at the Shiprock plant from March 1, 1963 through December 31, 1968 shall be determined in accordance with the following calculations:

1. Add all acceptable pounds of U_3O_8 in uranium end-products produced in the Shiprock plant and sold to the Commission or to others during the period from March 1, 1963 through December 31, 1968.
2. Add all pounds of U_3O_8 in uranium end-products which were in the Contractor's inventory or in transit at December 31, 1968 for delivery to the Commission hereunder; provided, however, that if the Contractor has additional uranium end-products in inventory or in transit for sale to others than the AEC at December 31, 1968, the pounds of U_3O_8 in such additional uranium end-products shall also be included under this computation.
3. Subtract 34,742.63 pounds of U_3O_8 in concentrate which represents the beginning inventory for such material at March 1, 1963.

The pounds of U_3O_8 in concentrate produced shall be calculated with the use of the following procedures:

1. For determining the pounds of U_3O_8 in concentrate delivered to the Commission, the final settlement weights and assays shall govern.
2. For determining the pounds of U_3O_8 in concentrate delivered to others, the Contractor's basis for settlement with the buyer shall govern.

3. For determining the pounds of U_3O_8 in inventories of concentrate on hand December 31, 1968, weighing and sampling and analytical procedures satisfactory to the Commission shall govern.

V. Total Pounds of U_3O_8 and V_2O_5 Contained in the Homestake-Sapin Vanadium Liquor Fed to Process in the Shiprock Plant

During any period of this contract, the total pounds of U_3O_8 and V_2O_5 contained in the Homestake-Sapin vanadium liquor fed to process in the Shiprock plant shall be determined on the basis of final weights and assays for such product fed to process in the Shiprock plant subsequent to February 28, 1963 and prior to January 1, 1969.

W. Total Pounds of V_2O_5 in Concentrate Produced - Shiprock Plant (March 1, 1963 through December 31, 1968)

The total pounds of V_2O_5 produced at the Shiprock plant from March 1, 1963 through December 31, 1968, shall consist of all pounds of V_2O_5 in vanadium end-products produced during such period by the Contractor at its Shiprock plant.

X. Average U_3O_8 Recovery in the Shiprock Plant (Recovery No. 1)

During the period of the contract from March 1, 1963 through December 31, 1968, the average Shiprock plant recovery of U_3O_8 shall be the result of the following computation expressed as a decimal fraction to the fifth place:

$$Ru_1 = \frac{Pu_1 - Lu_1}{Fu_1 - Lu_1}$$

where

Ru_1 is the average U_3O_8 recovery in the Shiprock plant (Recovery No. 1).

Pu_1 is the total pounds of U_3O_8 in concentrate produced in the Shiprock plant during such period as determined under subpart U of this Part VI.

Iu_1 is the total pounds of U_3O_8 in Homestake-Sapin vanadium liquor fed to process in the Shiprock plant during the period.

Fu_1 is the total pounds of U_3O_8 fed to process in the Shiprock plant during such period, adjusted for the change in the in-process inventory during such period.

It is agreed that the U_3O_8 in-process inventory for the Shiprock plant as of March 1, 1963 was as follows:

	Applicable Dry Tons ^{1/}	Pounds of U_3O_8	Treatment Costs
Leaching section	984	4,113	
Solvent extraction		3,629	
Precipitation and packaging	—	649	
Total	<u>984</u>	<u>8,391</u>	<u>\$17,355</u>

^{1/} The tonnage figure was computed on the basis of the pounds of U_3O_8 shown above and the February 1963 mill feed grade of 0.209% U_3O_8 .

Similar procedures shall also be used for the determination of the average U_3O_8 mill recovery at the Shiprock plant during any interim reporting period in the period from March 1, 1963 through December 31, 1968.

Representatives of the Contractor and the Commission shall, on or as of January 1, 1969, witness the taking of the in-process inventory in the Shiprock plant, and shall mutually agree upon the dry tons of ore and the pounds of U_3O_8 in the in-process inventory at that time. All materials shall be included in the in-process inventory until sent to tailings disposal or produced as uranium or vanadium concentrate.

For determining the pounds of U_3O_8 in concentrate delivered to the Commission, the final settlement weights and assays shall govern.

For determining the pounds of U_3O_8 in concentrate delivered to others, the Contractor's basis for settlement with the buyer shall govern.

For determining the pounds of U_3O_8 in inventories of concentrates on hand at December 31, 1968, weighing and sampling and analytical procedures satisfactory to the Commission shall govern.

Y. Average V_2O_5 Mill Recovery in the Shiprock Plant (Recovery No. 2)

During the period of the contract from March 1, 1963 through December 31, 1968, the average Shiprock plant recovery of V_2O_5 shall be the result of the following computation expressed as a decimal fraction to the fifth place:

$$Rv_1 = \frac{Pv_1 - Lv_1}{Fv_1 - Lv_1}$$

where

Rv_1 is the average V_2O_5 recovery in the Shiprock plant (Recovery No. 2).

Pv_1 is the total pounds of V_2O_5 in concentrate produced in the Shiprock plant during such period. The total pounds of V_2O_5 in concentrate produced in the Shiprock plant shall be the total of pounds of V_2O_5 in vanadium end-products produced in the Shiprock plant during the period March 1, 1963 through December 31, 1968.

Lv_1 is the result obtained by multiplying (i) the total pounds of V_2O_5 in Homestake-Sapin vanadium liquor fed to process in the Shiprock plant during the period by (ii) ninety-five percent (95%).

Fv_1 is the total pounds of V_2O_5 fed to process in the Shiprock plant during such period, as adjusted for the change in the in-process inventory during such period.

It is agreed that the V_2O_5 in-process inventory for the Shiprock plant at March 1, 1963 was as follows:

	Applicable Dry Tons <u>1/</u>	Pounds of V_2O_5	Treatment Costs
Leaching section	984	22,403	
Solvent extraction		32,764	
Precipitation and Packaging		39,227	
Total	<u>984</u>	<u>94,394</u>	<u>\$21,824</u>

1/ The tonnage figure was computed on the basis of 4,113 pounds of U_3O_8 and the February 1963 mill feed grade of 0.209% U_3O_8 .

Similar procedures shall also be used for the determination of the average V_2O_5 mill recovery at the Shiprock plant during any interim reporting period in the period March 1, 1963 through December 31, 1968.

Representatives of the Contractor and the Commission shall, on or as of January 1, 1969, witness the taking of the in-process inventory in the Shiprock plant, and shall mutually agree upon the pounds of V_2O_5 in the in-process inventory at that time.

For determining the pounds of V_2O_5 in concentrate produced, weighing and sampling and analytical procedures satisfactory to the Commission shall govern.

Z. Weighted Average U_3O_8 Recovery in the Durango Plant, Shiprock Plant and the Naturita Concentrator (Recovery No. 3)

The weighted average U_3O_8 recovery for the Durango plant (January 1, 1963 through December 31, 1968), the Shiprock plant (March 1, 1963 through December 31, 1968), and the Naturita concentrator (March 1, 1963 through December 31, 1968) shall be the result of the following computation expressed as a decimal fraction to the fifth place:

$$Ru_3 = \frac{Pu_1 + Pu_2 - Lu_1}{Fu_1 + Fu_2 + Fu_3 - Lu_1 - Cu_1}$$

where

Ru_3 is the weighted average U_3O_8 recovery in the Shiprock plant, Durango plant, and Naturita concentrator.

Pu_1 is the total pounds of U_3O_8 in concentrate produced in the Shiprock plant from March 1, 1963 through December 31, 1968 as defined under subpart X of this Part VI.

Pu_2 is the total pounds of U_3O_8 in concentrate produced in the Durango plant from January 1, 1963 through December 31, 1968 determined as follows:

1. Add all acceptable pounds of U_3O_8 in uranium end-products produced in the Durango plant sold to the Commission or to others during the period from January 1, 1963 through December 31, 1968.
2. Add all pounds of U_3O_8 in uranium end-products which were in the Contractor's inventory at the Durango plant or in transit at December 31, 1968 from the Durango plant for delivery to the Commission hereunder; provided, however, that if the Contractor has additional uranium end-products in inventory at the Durango plant or in transit from the Durango plant for sale to others than the Commission at December 31, 1968, the pounds of U_3O_8 in such additional uranium end-products shall also be included under this computation.
3. Subtract 3,373 pounds of U_3O_8 in concentrate which represents the beginning inventory for such inventory at the Durango plant at January 1, 1963.

Lu_1 is the total pounds of U_3O_8 in Homestake-Sapin vanadium liquor fed to process in the Shiprock plant during the period March 1, 1963 through December 31, 1968.

Fu_1 is the total pounds of U_3O_8 fed to process in the Shiprock plant, adjusted for the change in the in-process inventory, as defined under subpart X of this Part VI.

Fu_2 is the total pounds of U_3O_8 fed to process in the Durango plant from January 1, 1963 through December 31, 1968 as adjusted for the change in the in-process inventory.

Fu_3 is the total pounds of U_3O_8 fed to process in the Naturita concentrator from January 1, 1963 through December 31, 1968 as adjusted for the change in the in-process inventory.

Cu_1 is the total pounds of U_3O_8 in the Naturita concentrator product fed to process in either the Shiprock plant or the Durango plant.

It is agreed that the U_3O_8 in-process inventories for the Shiprock plant at March 1, 1963 and the Durango plant and Naturita concentrator at January 1, 1963 were as follows:

	Applicable Dry Tons <u>1/</u>	Pounds of U_3O_8	Treatment Costs
Shiprock plant (3/1/63)	984	8,391	\$17,355
Durango plant (1/1/63)	228	6,450	11,255
Naturita concentrator (1/1/63)	24	284	

1/ Applicable dry tons relate only to that part of the in-process inventory which is related to costs per ton of ore.

Similar procedures shall also be used for the determination of the average U_3O_8 mill recovery in the Durango plant, Shiprock plant and Naturita concentrator during any interim reporting period in the period from January 1, 1963 through December 31, 1968.

Representatives of the Contractor and the Commission shall, on or as of January 1, 1969, witness the taking of the in-process inventories in the Shiprock plant, Durango plant, and Naturita concentrator, and shall mutually agree upon the dry tons of ore and the pounds of U_3O_8 in the in-process inventory at that time. All materials shall be included in the in-process inventory until sent to tailings disposal or produced as uranium or vanadium concentrate.

For determining the pounds of U_3O_8 in concentrate delivered to the Commission, the final settlement weights and assays shall govern.

For determining the pounds of U_3O_8 in concentrate delivered to others, the Contractor's basis for settlement with the buyer shall govern.

For determining the pounds of U_3O_8 in inventories of concentrates on hand at December 31, 1968, weighing and sampling and analytical procedures satisfactory to the Commission shall govern.

AA. Weighted Average V_2O_5 Recovery in the Durango Plant, Shiprock Plant, and the Naturita Concentrator (Recovery No. 4)

The weighted average V_2O_5 mill recovery for the Durango plant (January 1, 1963 through December 31, 1968), the Shiprock plant (March 1, 1963 through December 31, 1968), and the Naturita concentrator (January 1, 1963 through December 31, 1968) shall be the result of the following computation expressed as a decimal fraction to the fifth place:

$$Rv_3 = \frac{Pv_1 + Pv_2 - Lv_1}{Fv_1 + Fv_2 + Fv_3 - Lv_1 - Cv_1}$$

where

Rv_3 is the weighted average V_2O_5 recovery in the Shiprock plant, Durango plant, and Naturita concentrator.

Pv_1 is the total pounds of V_2O_5 in concentrate produced in the Shiprock plant from March 1, 1963 through December 31, 1968 as defined under subpart Y of this Part VI.

Pv_2 is the total pounds of V_2O_5 in concentrate produced in the Durango plant from January 1, 1963 through December 31, 1968.

Lv_1 is the result obtained by multiplying (i) the total pounds of V_2O_5 in Homestake-Sapin vanadium liquor fed to process in the Shiprock plant during the period March 1, 1963 through December 31, 1968 by (ii) ninety-five percent (95%).

Fv_1 is the total pounds of V_2O_5 fed to process in the Shiprock plant adjusted for the change in the in-process inventory, as defined under subpart Y of this Part VI.

Fv_2 is the total pounds of V_2O_5 fed to process in the Durango plant from January 1, 1963 through December 31, 1968 as adjusted for the change in the in-process inventory.

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Appendix "D" Continued

Fv₃ is the total pounds of V₂O₅ fed to process in the Naturita concentrator from January 1, 1963 through December 31, 1968 as adjusted for the change in the in-process inventory.

Cv₁ is the total pounds of V₂O₅ in the Naturita concentrator product fed to process in the Shiprock plant and the Durango plant.

It is agreed that the V₂O₅ in-process inventories for the Shiprock plant at March 1, 1963 and the Durango plant and Naturita concentrator at January 1, 1963 were as follows:

	Applicable Dry Tons <u>1/</u>	Pounds of V ₂ O ₅	Treatment Costs
Shiprock plant (3/1/63)	984	94,394	\$21,824
Durango plant (1/1/63)	228	28,126	6,919
Naturita concentrator (1/1/63)	24	2,124	

1/ Applicable dry tons of ore relate only to that part of the in-process inventory which is related to costs per ton of ore.

Similar procedures shall also be used for the determination of the average V₂O₅ mill recovery in the Durango plant, Shiprock plant and Naturita concentrator during any interim reporting period in the period January 1, 1963 through December 31, 1968.

Representatives of the Contractor and the Commission shall, on or as of January 1, 1969, witness the taking of the in-process inventories in the Durango plant, Shiprock plant, and Naturita concentrator, and shall mutually agree upon the pounds of V₂O₅ in the in-process inventories at that time.

For determining the pounds of V₂O₅ in concentrate produced, weighing and sampling and analytical procedures satisfactory to the Commission shall govern.

BB. Average Value Per Pound of V₂O₅

The average value per pound of V₂O₅ shall be a weighted average based on the value of the pounds of V₂O₅ (i) sold by the Contractor to third parties, (ii) transferred to other divisions or to other companies related to or controlled by the Contractor, and shall be computed as follows:

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Appendix "D" Continued

Step 1 - Add the following:

- (a) Pounds of V_2O_5 sold to third parties by the Contractor during the period from January 1, 1963 through December 31, 1968.
- (b) Pounds of V_2O_5 transferred (exclusive of any pounds of V_2O_5 included in Step 1(a), above) to other divisions of the Contractor or to other companies related to or controlled by the Contractor during the period January 1, 1963 through December 31, 1968.

Step 2 - Add the following:

- (a) Total value realized by the Contractor for sales represented by the pounds of V_2O_5 in Step 1(a), above.
- (b) Total value for the pounds of V_2O_5 in Step 1(b), above, as computed by the Contractor for the purposes of calculating percentage depletion on its Federal income tax under the Internal Revenue Code and regulations thereunder. It is agreed that if changes are made in the Internal Revenue Code and regulations thereunder subsequent to December 31, 1962, which changes would, henceforth, lower the unit price per pound of V_2O_5 computed by the Contractor for purposes of calculating percentage depletion, calculations under this Step 2(b) shall, henceforth, from the date of such change be based on the lesser of (i) the result obtained by dividing the quantities determined under 1(a), above, subsequent to the date of such change in the Internal Revenue Code and regulations thereunder into the amount determined under 2(a), above, subsequent to the date of such change in the Internal Revenue Code and regulations thereunder or (ii) the result obtained by dividing the quantities determined under 1(b), above, prior to the date of such change in the Internal Revenue Code and regulations thereunder into the amount determined under this 2(b) prior to the date of such change in the Internal Revenue Code and regulations thereunder.

Step 3 - Divide the total result obtained under Step 1, above, into the total result obtained under Step 2, above, and the result thus obtained shall be the average value per pound of V_2O_5 . This calculation shall be rounded to the nearest one-hundredth of one cent (\$0.0001).

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